

State of South Carolina Comprehensive Annual Financial Report

June 30, 1993

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

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Earle E. Morris, Jr. was first elected Comptroller General in 1976. He has been reelected to each subsequent term by the South Carolina electorate. Before becoming Comptroller General, he served in the State House of Representatives from 1951 to 1955, the State Senate from 1955 to 1970 and as the Lieutenant Governor from 1971 to 1975.

On the cover:

South Carolina of the 19th and 20th centuries comes together at the Union Camp plant at Eastover, near Columbia. When the company erected its \$1.2 billion fine paper production facility, it also expended \$750,000 to restore Kensington Mansion, a historic landmark built in 1854 which stands today as one of the few southern plantation houses to have survived the War Between the States.

STATE OF SOUTH CAROLINA
COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

FOR THE FISCAL YEAR ENDED JUNE 30,

1 9 9 3

COMPTROLLER'S MESSAGE...

PAST...PAST...FUTURE... DIXI-ANDERSON- .?.

South Carolina's present and future are only an extension of our past. As our leaders and citizens continue to improve our economic future, we need to remember and revere those values and virtues which preceded our time.

The pictorial theme of this report reviews a time that was but will never be again.

As we anticipate a State to be, we should indulge in the nostalgia of earlier years.

We are grateful that Bavarian Motor Works (BMW) is now a part of our industrial family. Their first automobile was called *Dixi* in 1928.

The *Anderson* automobile was built in South Carolina between 1915 and 1926. It earned the title of "the only practical southern automobile."

The BMW automobile which will be built in this State is not yet named. But it will be a South Carolina automobile.

PAST-PAST-FUTURE



EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

SNAPSHOTS OF THE PAST AND GLIMPSES OF THE FUTURE

There's something about the turn of a new century that seems to energize people.

The twenty-first century, as futuristic as it once sounded, is almost upon us, and like a rebirth, it seems to trigger a special sense of mission and destiny among Americans.

Turn-of-the-century South Carolina a hundred years ago was also a time of new energy and rebirth. As the twentieth century dawned, our predecessors must have also had a keen awareness of their future and the excitement which it held for them.

The pictorial pages of this report convey a visual record of those years preceding and subsequent to the turn of the twentieth century in South Carolina. They show the faces of people eager to get on in a new world of technological and economic achievement.

They also show people who were making the most of tough times.

An economy ravaged by war and a political system which seemed in constant turmoil had taken their toll on a State which had once been the bellwether of the young nation.

But South Carolinians were joining their counterparts elsewhere in the nation in discovering the joys of a new and exciting America. They were venturing forth in their newly-bought automobiles and were relegating their horses and buggies to farm duties.

They were finding vacation places like the seashore and were learning new pleasures like golf and horsemanship. They were having installed in their homes new gadgets called telephones which could put them in direct, if somewhat erratic, contact with a neighbor across town or a relative across the State.

The isolation of rural life was giving way to the adventures of transportation and communications, and South Carolinians were in the midst of it all. From Abbeville to Myrtle Beach and from Charleston to Greenville, life was being made easier and more interesting; people were being brought closer to each other.

Jet airplanes and trips to the moon were still in the distant future, but people were understanding the dynamics of change and the excitement of anticipation.

Much has changed over the years: fashion, technology and industry. What hasn't changed in a hundred years is the wonderment and enthusiasm which a turn of the century brings. It's a moment which brings together a snapshot of the past and helps us understand better the foundations on which our present and future are built.

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Before the era of the automobile dawned in South Carolina, early motor vehicles shared existing railroad bridges, as does this motorist at Drayton around 1920.

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(Not Covered by the Independent Auditors' Report)

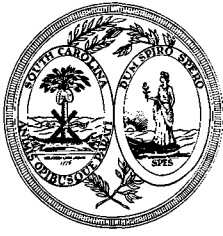
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Introductory Section

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Columbia was a place of policemen on foot and horse-drawn equipment for firemen before the arrival of the automobile. Looking north shortly after noon on this wintry 1904 day, the City Hall is to the left. Columbia is greeting with its Main Street banner one of America's newest attractions, the "Flying Machine."



STATE OF SOUTH CAROLINA

Office of Comptroller General

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December 22, 1993

To the Citizens, Governor and Members of the South Carolina General Assembly

It is my pleasure to present to the citizens of South Carolina this Comprehensive Annual Financial Report for the State of South Carolina for the fiscal year ended June 30, 1993. The report provides financial information about the State's operations during the 1992-93 fiscal year and describes its financial position at the end of that fiscal year.

Contained in the report is information for the use of all those interested in the State's finances, including South Carolina taxpayers, members of the General Assembly and directors of the State's executive agencies as well as those investors and creditors with whom the State has an ongoing business relationship.

As the Comptroller General of South Carolina, I present these financial statements as my representations, and I express confidence that the information is accurate in all material respects. The citizens of South Carolina may be further assured that this report contains all material facts about the State's financial condition and thereby reflects my total commitment to accountability to the taxpayers through full public disclosure.

For the convenience of users, we have divided the report into three sections as follows:

- The Introductory Section, containing this letter of transmittal, the Certificate of Achievement for Excellence in Financial Reporting for the June 30, 1992 report, a list of State officials and an organizational chart of State government.

- The Financial Section, consisting of the general purpose financial statements (combined statements and notes), combining financial statements, schedules, and required supplementary information.
- The Statistical Section, presenting comparative financial data and other non-financial data.

MAJOR INITIATIVES

For South Carolinians, 1992-93 was a year of restructuring, rethinking, and perhaps even the beginning of recovery.

Revenues and other sources exceeded expenditures and other uses for the State's General Fund for the first time since 1987-88, a fact as attributable to the State's fiscal restraints as to economic growth. A series of recession-driven appropriation reductions mandated by the Budget and Control Board, on which I serve, in both 1991-92 (\$128 million) and 1992-93 (\$189 million) paved the way for this operating surplus.

South Carolina's unaccustomed brush with fiscal brinksmanship set off other actions. Pursuant to constitutional and statutory mandate, the State's depleted reserve was increased, and its revenue-projecting methods were modified to produce more conservative estimates, recognizing the likelihood that annual growth in the foreseeable future is likely to be in the 4% to 5% range, rather than the 10% to 11% of earlier years.

A reform-minded legislature carried out the most significant restructuring of State government in almost half a century, consolidating many of the State's agencies into cabinet-like departments under gubernatorial control during fiscal year 1993-94. The State also initiated efficiency-related measures to decentralize some of its administrative authority and to create budget strategies based on performance and outcomes rather than expenditure history alone. I have proposed a statewide performance audit as a means of evaluating and improving the overall effectiveness and efficiency of agency operations in the context of diminishing growth potential for future revenues.

Funding priorities for the State became more sharply focused toward health care, public education and corrections. Major legislative initiatives, beyond budget and structural issues, addressed public safety, child protection and welfare reform.

South Carolina government has weathered the economic storm of the last four years, but its financial future is still one of mixed signals. Job losses through the closing of the military installations in Charleston will be severe, and a number of significant contingent liabilities loom on the horizon. The State, however, seems to have taken some major steps to "weatherize" itself, right-sizing and adjusting its operations to cope with leaner times ahead.

ECONOMIC CONDITION AND OUTLOOK

Over the last two decades the economy of South Carolina has grown faster than that of the rest of the country. Businesses have migrated here from all over the world to take advantage of the State's skilled labor force, competitive wages, lower-priced land, excellent port facilities, accessibility to markets, and in recent years, substantial tax breaks and incentives. Since 1970, industry has made \$37 billion of investments in plants within the State.

The State's tourism and retirement industries have also been rapidly growing economic sectors over the last two decades. Each year more retirees move here to take advantage of the area's mild climate, lower cost of living and special tax breaks for people over 65 years of age. The number of individuals receiving Social Security retirement pay has grown at a rapid average annual rate of 4.5% since 1970. The annual income from retirement now exceeds an estimated \$4 billion.

The coastal areas of the State have emerged as one of the leading tourism centers on the east coast, providing even more stimulus to South Carolina's growing economy. Personal income in Horry County, which includes the Myrtle Beach area, has grown at an extraordinary 11.5% per year over the last two decades and now exceeds \$2 billion.

Since 1970, nearly 400,000 people have migrated to the State to take advantage of a growing economy and to retire here. Total personal income of South Carolina has grown more than six-fold, one-fourth faster than growth in personal income in the United States. During the high inflationary 1970's personal income grew at an average annual compound rate of 11.0%, compared to a much lower 9.8% nationwide. Even in the lower inflationary 1980's personal income in South Carolina grew a healthy 8.0% per year, compared to a lesser 7.4% nationwide. Employment in South Carolina over the last two decades has grown one-fifth faster than in the United States as a whole.

Although South Carolina has been one of the poorer states in the nation since the War Between The States, the State is closing the gap in wealth between it and the rest of the country. In 1970, per capita income of South Carolina was only 74% of the national average, but has since increased to 81% of the national average.

The State's economy has recovered from the recession and has begun fiscal year 1993-94 on a positive footing. The State's rainy day reserve, which had increased to \$66.8 million during 1992-93, further increased to \$100.2 million early in 1993-94. Employment in the State was up by over 50,000 in October 1993 versus its level in October 1991 during the recession. Although statistics for the fiscal year 1993-94 were not yet available from the Department of Commerce, the State's Board of Economic Advisors estimated that personal income growth was in the healthy range of 5% to 6%.

Even though the Federal government's Base Closure and Realignment Commission placed the Charleston Naval Base on its list of bases to be scaled back by 1996, the outlook for the near term is for continued growth in the State's total income in the range of 4% to 5% or more. Construction of the new Bavarian Motor Works (BMW) auto assembly plant in Spartanburg County has already begun and will offset some of the losses at the Charleston Naval Base. There have been other announcements of new plants or additions to existing plants in the State which will contribute to the State's continued growth.

The State's Board of Economic Advisors projected that the State's Budgetary General Fund revenues for 1993-94 would increase by 4.6% over 1992-93. Because of the fixed-rate taxes, tax decreases and nonrecurring revenues, however, the Board's official revenue estimate reflected a historically low 3.5% revenue growth rate. At the end of the first two months of 1993-94, Budgetary General Fund revenue collections were ahead of this estimate. Accordingly, it is anticipated that actual revenues for 1993-94 will meet or exceed the estimate. The Income Tax and Sales Tax, the State's two leading sources of revenues, were both healthy, indicating that the State's economy was growing as expected.

FINANCIAL CONTROLS

Internal Control Structure

The Statewide Accounting and Reporting System (STARS) is the State's budgetary-basis operating accounting system. This double-entry system, installed in 1981-82, processes cash and budgetary transactions and maintains records for all budgeted funds and some unbudgeted funds. The State's higher education institutions and most of the enterprise entities maintain separate accrual-basis accounting systems.

An automated system in the Comptroller General's Office designed to allow reporting in accordance with generally accepted accounting principles (GAAP) converts budgetary-basis STARS data into the format presented in this report. State agencies which use STARS complete forms at year-end to adjust the budgetary-basis balances to conform with GAAP. The Comptroller General's Office enters data from these forms as well as from audited financial statements for the higher education institutions and most State enterprise entities into the GAAP reporting system.

The State's internal control structure provides reasonable, but not absolute, assurance that:

- Assets are safeguarded against loss from unauthorized use or disposition

- Transactions are executed in accordance with management's authorization
- Transactions are recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefits.

Budgetary Controls

South Carolina's annual Appropriation Act includes legally adopted budgets for the Budgetary General Fund and for aggregated Other Budgeted Funds. Except for the Retail Sales Tax and selected other taxes, which are estimated on a modified accrual basis, the State estimates revenues on a cash receipts basis. Appropriations for 1992-93 covered all expenditures deemed applicable to that year and paid on or before July 20, 1993. Unexpended Budgetary General Fund appropriations lapse unless the Appropriation Act specifically authorizes agencies to carry them forward to the next fiscal year.

State law does not require encumbrance accounting. Accordingly, the State does not record encumbrances (except for some higher education institutions). The State currently maintains budgetary control for expenditures at the level of major object class within each program of each organizational unit. Except for accounts of higher education institutions and the Department of Highways and Public Transportation, STARS checks to be sure that an account has sufficient remaining appropriations before it will charge an expenditure to that account. (As a result of legal changes, the Department of Highways and Public Transportation is no longer an exception effective on July 1, 1993.) Organizational units may request transfers of appropriations among major object classes and/or among programs within the same budgetary fund. The Budget and Control Board has authority to approve these appropriation transfers within certain limits.

The initial budget appears in the annual Appropriation Act. The Budget and Control Board reduces the Budgetary General Fund's appropriations during the year if it anticipates a year-end operating deficit. Likewise, the State Board of Economic Advisors may recommend and the Budget and Control Board may approve revisions of estimated revenues of the Budgetary General Fund during the year, if necessary. Such revisions were necessary during the fiscal year ended June 30, 1993.

During June 1993, the General Assembly enacted a Supplemental Appropriation Act. The Act required that the first \$33.8 million of available funds on the budgetary basis of accounting at year-end be reserved (in the General Reserve) and that the next \$32.5 million be recorded as supplemental

appropriations. The Act further authorized the carry-forward of the supplemental appropriations to 1993-94. Because sufficient funds were available on the budgetary basis, the supplemental appropriations were recorded and carried forward to 1993-94.

State law specifies procedures for processing requested budget changes in Other Budgeted Funds and for permanent improvement projects.

THE REPORTING ENTITY

The State General Assembly and the Budget and Control Board exercise oversight authority over all accounting funds and entities included in this report. Members of the Budget and Control Board are the Governor (Chairman), the Comptroller General, the State Treasurer, the Chairman of the Finance Committee of the Senate and the Chairman of the Ways and Means Committee of the House of Representatives.

The most important element of oversight authority is financial interdependency. Other elements of oversight authority include selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

This report includes all organizational units of the State that are either controlled by or dependent upon the State's legislature or constitutional officers. Note (1a) in the Notes to the Financial Statements provides a more complete description of the State's reporting entity and the criteria used in defining it.

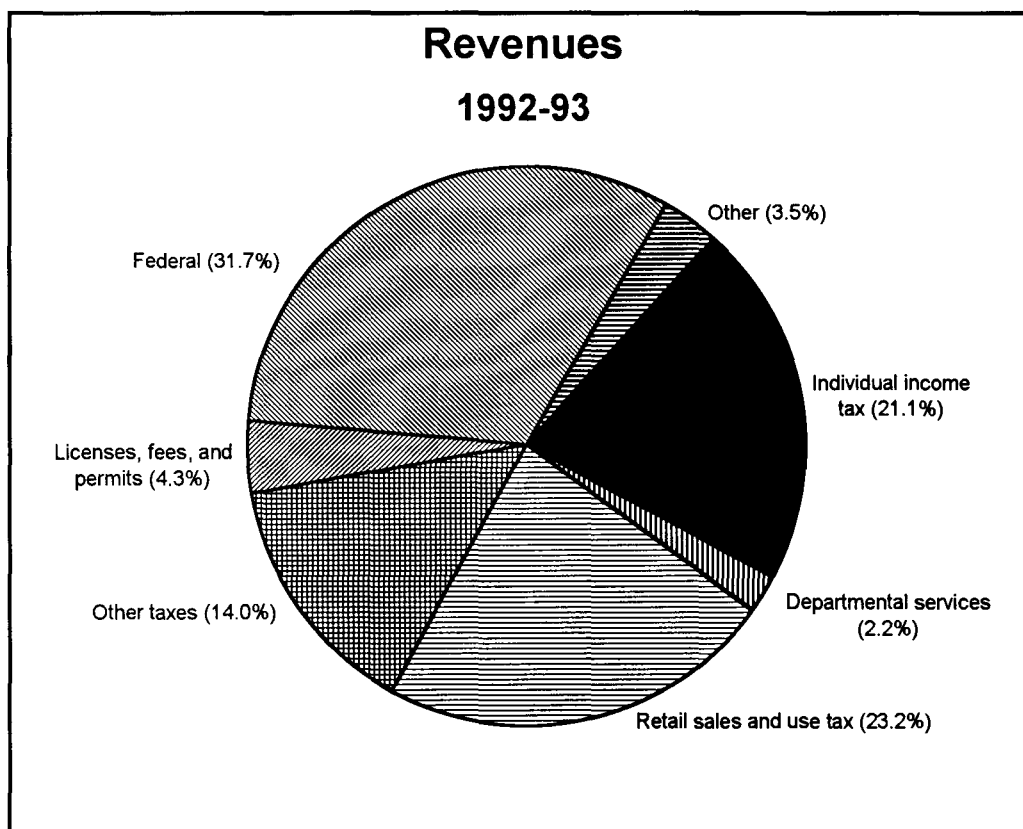
GENERAL GOVERNMENTAL FUNCTIONS

The State's general governmental functions include its General and Special Revenue Funds. The following sections detail revenues and expenditures of the State's general governmental functions. In addition, the general governmental functions recorded other financing sources (uses). For the fiscal year ended June 30, 1993, other financing uses exceeded other financing sources by \$702.5 million.

Revenues

The State's most significant sources of revenue are its 5% retail sales tax, its individual income tax (2.50% to 7% tax rates) and Federal grants. The following schedule summarizes revenues of the General and Special Revenue Funds for the fiscal year ended June 30, 1993 (expressed in thousands) and the amounts (expressed in thousands) and percentages of increases (decreases) in relation to prior year revenues:

Revenues	1992-93 Amount	Percent of Total	Increase (Decrease) from 1991-92	Percentage Increase (Decrease)
Individual income tax.....	\$ 1,481,592	21.1%	\$ 94,868	6.8%
Retail sales and use tax.....	1,628,766	23.2%	113,543	7.5%
Other taxes.....	983,546	14.0%	72,510	8.0%
Licenses, fees, and permits.....	300,699	4.3%	81,973	37.5%
Interest and other investment income.....	44,702	0.6%	(10,932)	(19.6%)
Federal.....	2,228,180	31.7%	87,908	4.1%
Departmental services.....	153,781	2.2%	16,669	12.2%
Contributions.....	101,242	1.5%	20,010	24.6%
Fines and penalties.....	44,182	0.6%	572	1.3%
Other.....	52,796	0.8%	9,244	21.2%
Totals.....	\$ 7,019,486	100.0%	\$ 486,365	7.4%



Licenses, Fees and Permits revenue increased because collections of low-level radioactive waste surcharges and environmental fees increased.

The decrease in Interest and Other Investment Income was a result of the decline of interest rates applied to various deposits and investment balances.

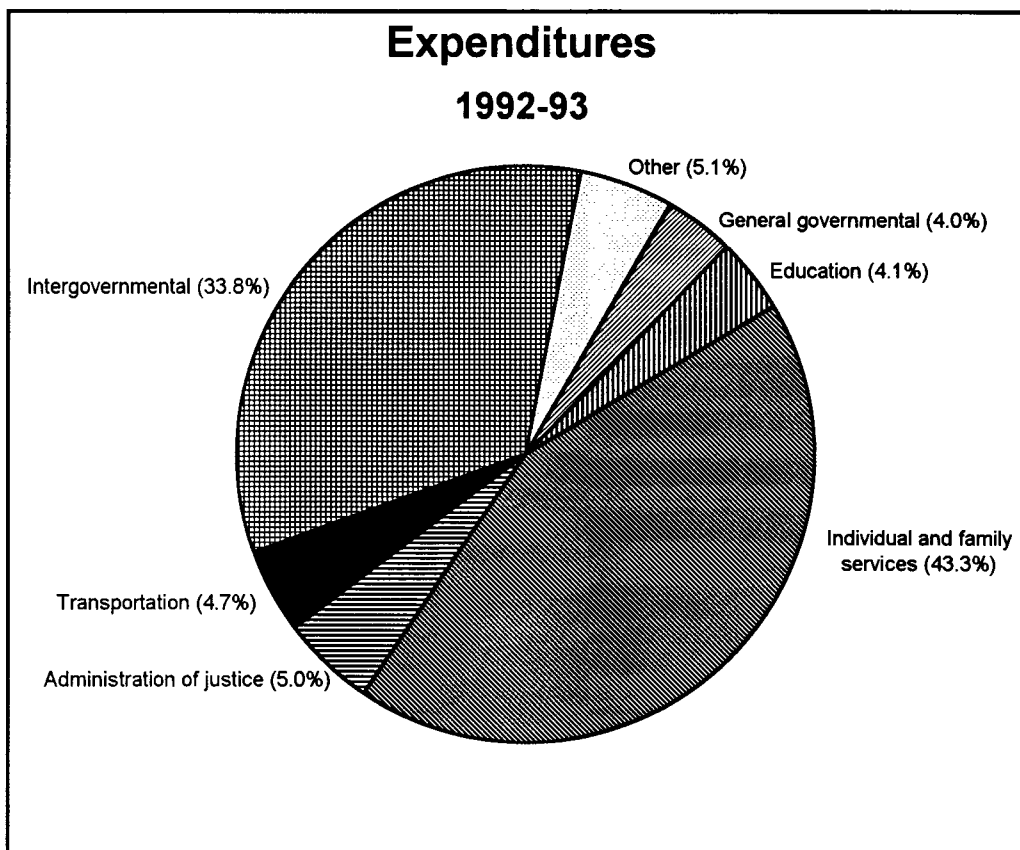
Several changes in revenue resulted from changes in the Medicaid and Medicare programs. Specifically, the increase in Contributions revenue was

due to increases in receipts of Medicaid disproportionate share monies and other matching funds. The increase in Other Revenues was due to increased refunds of prior-year Medicaid and other program expenditures. The increase in Departmental Services was primarily due to an increase in the volume of Medicare claims and related reimbursements.

Expenditures

The following schedule presents a summary of General Fund and Special Revenue Funds expenditures for the fiscal year ended June 30, 1993, (expressed in thousands) and the amounts (expressed in thousands) and percentages of increases (decreases) in relation to prior year expenditures:

Expenditures	1992-93 Amount	Percent of Total	Increase (Decrease) from 1991-92	Percentage Increase (Decrease)
Current:				
General governmental.....	\$ 247,452	4.0%	\$ 13,360	5.7%
Education.....	254,464	4.1%	13,234	5.5%
Individual and family services.....	2,682,162	43.3%	192,841	7.7%
Administration of justice.....	312,961	5.0%	8,473	2.8%
Resources and economic development.....	131,021	2.1%	2,962	2.3%
Transportation.....	290,740	4.7%	15,783	5.7%
Capital outlay.....	24,572	0.4%	1,753	7.7%
Debt service:				
Principal retirement.....	104,316	1.7%	9,778	10.3%
Interest and fiscal charges.....	53,316	0.9%	(595)	(1.1%)
Intergovernmental.....	2,096,679	33.8%	63,193	3.1%
Totals.....	\$ 6,197,683	100.0%	\$ 320,782	5.5%



The increase in Principal Retirement of Debt resulted from a net increase in general obligation bonds payable.

Status of Fund Balances

GAAP-basis fund balances for the General Fund and Special Revenue Funds at June 30 (expressed in thousands) for the last five years were:

	1993	1992	1991	1990	1989
General Fund					
Reserved.....	\$ 153,194	\$ 40,649	\$ 98,988	\$ 160,278	\$ 193,089
Unreserved.....	(247,475)	(252,704)	(252,482)	(140,568)	(90,296)
Total General Fund.....	\$ (94,281)	\$ (212,055)	\$ (153,494)	\$ 19,710	\$ 102,793
Special Revenue Funds					
Reserved.....	\$ 94,928	\$ 103,799	\$ 82,260	\$ 51,128	\$ 36,242
Unreserved, designated.....	237,559	252,631	243,989	194,251	126,469
Unreserved, undesignated.....	252,663	261,766	253,317	265,422	279,192
Total Special Revenue Funds..	\$ 585,150	\$ 618,196	\$ 579,566	\$ 510,801	\$ 441,903

The reserved component of fund balance represents amounts legally required to be segregated and amounts that cannot be appropriated for future expenditure. The unreserved component of fund balance is computed as total fund balance less reserved amounts. Even for years in which the total fund balance in the General Fund was positive, the unreserved component of fund balance was negative because the reserve requirements exceeded total fund balance.

The designated portion of unreserved fund balance reflects tentative plans for future use of available financial resources.

Total fund balance in the General Fund has remained below zero for the past three years. I and other State officials have noted this trend with concern. We are carefully monitoring tax revenue collections for the 1993-94 fiscal year. Whenever revenue collections are determined to be below estimates, estimated revenues and appropriations will be revised downward before year-end. We believe that this, combined with newly enacted reforms in the budgeting process discussed above, will eventually result in a positive fund balance for the General Fund.

PROPRIETARY OPERATIONS

The Public Service Authority (Santee-Cooper) is South Carolina's State-owned public power resource. The Public Service Authority (Santee-Cooper) produces and sells electric power to individuals, businesses, electric cooperatives and municipal power departments. The Public Service Authority (Santee-Cooper) made payments to the State's General Fund of \$5.82 million during its fiscal year ended December 31, 1992. The distribution to the General Fund is based primarily on operating cash flows and mandatory reserve requirements.

There are several other significant proprietary segments of South Carolina's State government. The Ports Authority develops and maintains State harbors and seaports and handles the commerce through these ports. The State Housing Finance and Development Authority provides low-cost housing to the State's citizens by issuing bonds/notes and by administering Federal contracts and grants. The Education Assistance Authority makes loans to eligible students.

The Public Service Authority (Santee-Cooper) and other major Proprietary Funds of South Carolina are presented below with highlights of segment financial information (expressed in thousands) for the fiscal year ended June 30, 1993.

	Public Service Authority (Santee- Cooper)	Housing Authority	Ports Authority	Education Assistance Authority
Operating revenues.....	\$ 546,878	\$ 64,465	\$ 45,335	\$ 19,476
Net income.....	23,901	4,461	4,375	6,470
Total assets.....	3,515,461	721,808	351,527	340,815
Total fund equity.....	624,536	106,745	267,389	63,319

FIDUCIARY OPERATIONS

The most significant of the State's Fiduciary Funds are the five retirement systems: The South Carolina Retirement System, the Police Officers' Retirement System, the Retirement System for Members of the General Assembly, the Retirement System for Judges and Solicitors, and the National Guard Pension System. The first four of these systems are funded in accordance with actuarially established contribution rates. The National Guard Pension System is funded on a pay-as-you-go basis. Some key actuarial amounts for the systems (expressed in thousands) at July 1, 1992 (latest available data), were:

	Pension Benefit Obligation	Net Assets Available for Benefits (at Cost)	Unfunded Pension Benefit Obligation
South Carolina Retirement System.....	\$ 11,551,500	\$ 8,472,300	\$ 3,079,200
Police Officers' Retirement System.....	1,019,900	870,600	149,300
General Assembly Retirement System.....	28,600	24,800	3,800
Judges' and Solicitors' Retirement System.....	61,100	41,400	19,700
National Guard Pension System.....	23,300	—	23,300

In 1993-94, the State plans to begin funding the National Guard Pension System in accordance with actuarially established contribution rates.

DEBT ADMINISTRATION

The State finances many of its major capital needs by issuing bonds. Some of this debt is general obligation debt backed by the full faith, credit and taxing power of the State. Much of the debt, however, is revenue bonds and notes associated with specific State component units. Specific revenue flows of particular component units service revenue debt.

Moody's Investors Service has rated South Carolina's general obligation bonds as "Aaa," representing the highest rating awarded. For many years, Standard & Poor's also applied its top rating ("AAA") to these bonds. From March 1992 through January 1993, however, Standard & Poor's placed the State "on CreditWatch with negative implications." On January 29, 1993, Standard & Poor's lowered the State's rating on general obligation bonds to "AA+." On October 27, 1993, Fitch Investors Service, Inc., announced its first

rating of South Carolina's general obligation bonds. Fitch assigned its top rating of "AAA."

Standard & Poor's has stated that South Carolina must improve the structural balance between its revenues and expenditures and must address the GAAP accumulated deficit in the Budgetary General Fund in order to regain its former "AAA" rating. During the fiscal year ended June 30, 1993, the State made progress toward those goals. Specifically, the GAAP accumulated deficit decreased by \$118 million (from \$212 million at June 30, 1992, to \$94 million at June 30, 1993). In addition, the General Assembly enacted legislation to limit appropriations in its Budgetary General Fund beginning in 1994-95. Under the new law, when the General Assembly enacts the annual general appropriations bill, appropriations may not exceed the *lesser* of:

- Total recurring revenues collected in the preceding fiscal year plus seventy-five percent of the revenue growth projected by the Board of Economic Advisors, or
- The estimated revenue projected by the Board of Economic Advisors.

During the fiscal year ended June 30, 1993, South Carolina issued \$110.0 million and retired \$100.9 million in general obligation bonds and notes payable by governmental funds. The State budgets and pays principal and interest on general obligation bonds from current resources of the Budgetary General Fund. At June 30, 1993, the Higher Education Funds reported State institution general obligation bonds outstanding of approximately \$43.2 million.

The State's available legal debt margin at June 30, 1993, was \$150 million for highway bonds and \$16.8 million for institution bonds. State law limits annual debt service expenditures rather than directly limiting the amount of outstanding debt for general obligation bonds/notes other than highway bonds, institution bonds, tax anticipation notes, and bond anticipation notes (if any). The annual debt service margin at June 30, 1993, for these bonds was \$14.4 million.

Net general obligation bonds/notes outstanding per capita (which excludes general obligation bonds payable from Higher Education Funds) is a useful indicator to citizens, investors and management of the State's debt position. The following table shows these amounts at June 30 for the last three years:

	1993	1992	1991
Net general obligation bonds/notes outstanding.....	\$841 million	\$832 million	\$800 million
Net general obligation bonds/notes outstanding per capita.....	\$231	\$232	\$226

The State's higher education institutions and enterprise entities had revenue bonds, notes, and certificates of participation of approximately \$3.7 billion outstanding on June 30, 1993. Bonds, notes, and certificates of participation outstanding (expressed in millions) by component unit were:

South Carolina Public Service Authority (Santee-Cooper).....	\$ 2,526
South Carolina Housing Authority.....	589
South Carolina Education Assistance Authority.....	268
Various higher education institutions.....	270
Other State component units.....	80
Total.....	<u>\$ 3,733</u>

During its fiscal year ended December 31, 1992, the Public Service Authority advance refunded \$158.80 million of its Electric System Expansion Revenue Bonds to reduce its total debt service payments over the next twenty-nine years by approximately \$28.60 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$10.27 million. During the fiscal year ended June 30, 1993, the College of Charleston advance refunded \$26.08 million of various revenue bonds to reduce its total debt service payments over the next fifteen years by approximately \$3.87 million and to obtain an economic gain of \$1.84 million. For additional details, see Note 10 to the Financial Statements.

CASH MANAGEMENT

State law requires full collateralization of all State Treasurer bank balances. Component units may have collateralization policies that differ from those of the State Treasurer.

Legally authorized investments vary by fund, but generally include obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements and certain obligations of United States corporations.

As provided by law, the State Treasurer deposits money in a general deposit account. The State records earnings of the general deposit account as revenue of the General Fund. The Treasurer deposits other monies into various special deposit accounts, each of which retains its own earnings.

State agencies which issue their own checks participate in pooled bank accounts. These agencies issue checks against the pooled bank accounts. Meanwhile, the State Treasurer invests account balances until the checks clear.

Investment earnings for the General Fund totaled \$38.0 million for the fiscal year ended June 30, 1993.

RISK MANAGEMENT

The State itself (rather than an insurance carrier) assumes substantially all risks associated with:

- Claims of State employees for unemployment compensation benefits
- Claims of covered employees for workers' compensation benefits
- Claims of covered public employees for health insurance, dental insurance, long-term disability insurance, and group life insurance benefits (insurance carriers, however, provide claims administration services)

In addition, the State maintains an Insurance Reserve Fund to cover risks associated with:

- Real property including public buildings, local public schools and their contents
- Motor vehicles and school buses
- General tort claims that parties may file against the State or its political subdivisions
- Medical malpractice claims that parties may file against covered hospitals and employees
- Business interruptions

The Insurance Reserve Fund purchases insurance coverage for a portion of these risks.

The State conducts various risk control programs to help minimize losses. For example, the health insurance program conducts extensive wellness education programs for covered employees that promote development and maintenance of healthful lifestyles.

The State also administers the Patients' Compensation Fund, a public entity risk pool reported within the State's Enterprise Funds, which provides medical malpractice insurance.

AUDIT

An independent audit was performed jointly by the State Auditor and the independent certified public accounting firm of KPMG Peat Marwick. Again this year, this report includes an unqualified report of the independent certified public accountants, the best possible result of the audit process.

The audit described above is not intended to meet the requirements of the Federal Single Audit Act of 1984. The Single Audit reports for the State are issued separately.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of South Carolina for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 1992. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR whose contents conform to rigorous program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

Again this year, the State will submit its CAFR to the Certificate of Achievement for Excellence in Financial Reporting program of the GFOA. I firmly believe that South Carolina's report for the fiscal year ended June 30, 1993, meets the requirements to receive the Certificate of Achievement.

ACKNOWLEDGMENTS

Production of this report would not have been possible without the support of all State agencies and component units which supplied GAAP closing data on a timely basis. As we strive to produce this report in future years and to improve its quality and content, continued support of these parties is essential.

Special thanks are due to Dr. Rodger E. Stroup of the South Carolina State Museum and to the staff of the South Caroliniana Library for providing historical data and for obtaining photographs for this report. In addition, thanks are due to Dr. William C. Gillespie, Chief Economist of the State of South Carolina, and to Philip G. Grose, Jr., Director of the State Budget and Control Board's Executive Institute, who provided invaluable assistance in producing the report.

Sincerely,



EARLE E. MORRIS, JR.
Comptroller General

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in web version of CAFR**

One of the best-built early cars in America was one built by the Anderson Motor Company in Rock Hill. The company, in business from 1915-1926, ceased operations as mass production methods were developed elsewhere in the country.

**CERTIFICATE
OF ACHIEVEMENT**

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1992

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Arnold L. Hahn

President

Jeffrey L. Esler

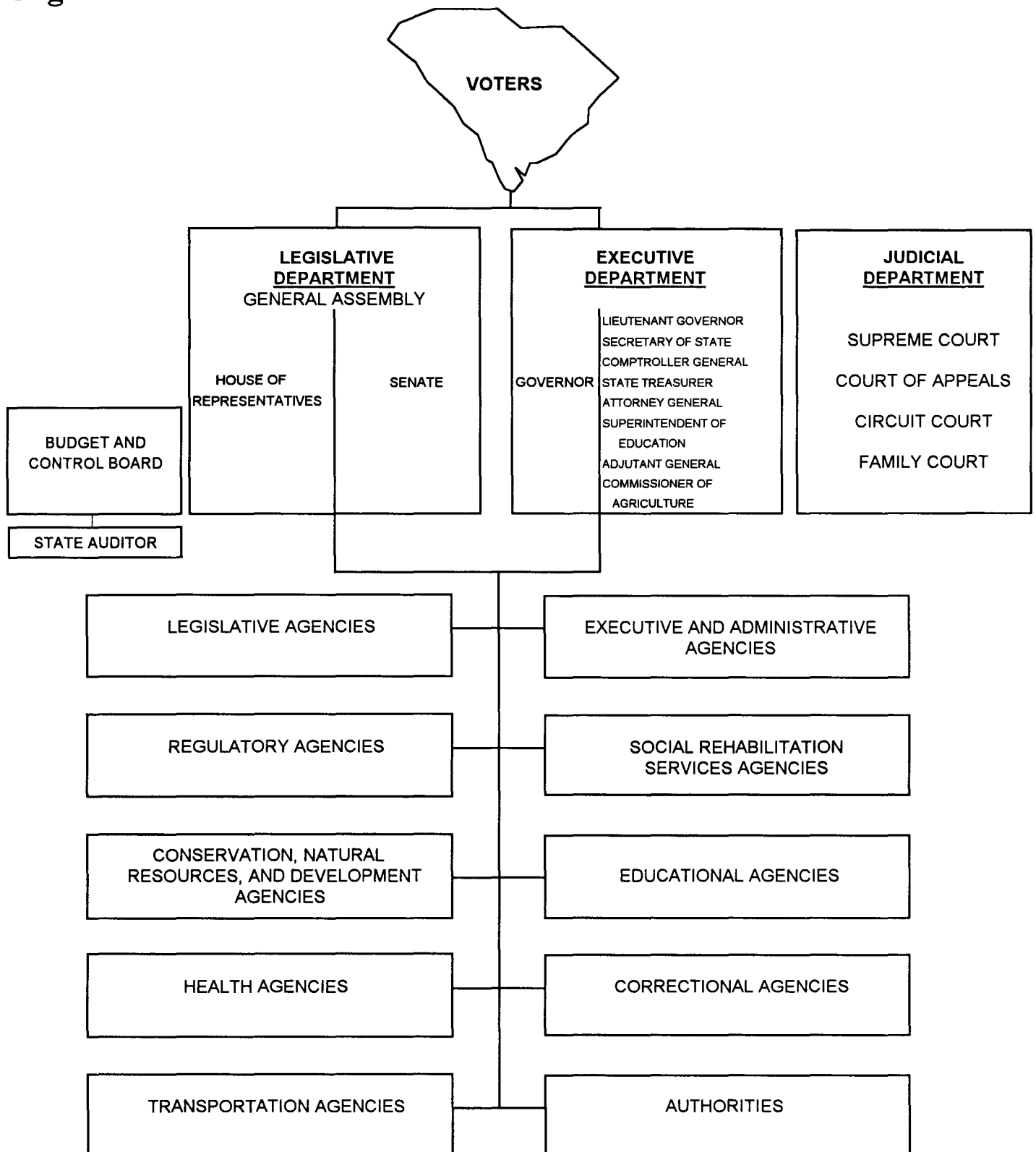
Executive Director

Principal State Officials

	Current Term of Office
LEGISLATIVE - THE GENERAL ASSEMBLY	
Nick A. Theodore, President of the Senate and Lieutenant Governor	1991-1995
Robert J. Sheheen, Speaker, House of Representatives	1992-1994
EXECUTIVE	
STATE BUDGET AND CONTROL BOARD	
Carroll A. Campbell, Jr., Chairman, Governor	1991-1995
Earle E. Morris, Jr., Comptroller General	1991-1995
Grady L. Patterson, Jr., State Treasurer	1991-1995
John Drummond, Chairman, Senate Finance Committee	1992-1996
William D. Boan, Chairman, House Ways and Means Committee	1992-1994
James M. Miles, Secretary of State	1991-1995
T. Travis Medlock, Attorney General	1991-1995
Dr. Barbara S. Nielsen, State Superintendent of Education	1991-1995
Major General T. Eston Marchant, Adjutant General	1991-1995
D. Leslie Tindal, Commissioner of Agriculture	1991-1995
JUDICIAL	
David Walker Harwell, Chief Justice, South Carolina Supreme Court	1991-1994

All of the legislative and executive officials are elected by the State's citizens in general elections. Members of the Supreme Court are elected by the General Assembly.

Organization Chart



During 1992-93 the State's General Assembly enacted legislation to restructure State government beginning July 1, 1993. The chart above does not reflect this restructuring.

**Photograph is not available
in web version of CAFR**

Financial Section

**Photograph is not available
in web version of CAFR**

Elizabethan England came to The Horseshoe at the University of South Carolina in 1900 in the institution's dramatization of Shakespeare. Almost a century later, Shakespeare is still performed outdoors in Columbia's Finlay Park.

**INDEPENDENT
AUDITORS' REPORT**



Office of the State Auditor

The Honorable Carroll A. Campbell, Jr., Governor
and Members of the General Assembly
State of South Carolina
Columbia, South Carolina

We have jointly audited the general purpose financial statements of the State of South Carolina as of and for the year ended June 30, 1993, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the management of the State. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not jointly audit the financial statements of certain component units and agencies, which statements reflect the indicated percent of total assets and other debits and total revenues, respectively, of the Special Revenue (38% and 15%), Capital Projects (32% and 99%), Enterprise (100% and 99%), Internal Service (66% and 82%), Pension Trust (100% and 100%), Higher Education (100% and 100%), and Agency (44% of assets and other debits) Funds, General Fixed Assets Account Group (16% of assets and other debits), and General Long-Term Obligations Account Group (2% of assets and other debits). Those financial statements were audited by other auditors, including the Office of the State Auditor acting separately, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units and agencies, is based solely upon the reports of other auditors. The Office of the State Auditor acting separately has examined 27% and 23% of the total assets and other debits and total revenues, respectively, of the Higher Education Funds.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of South Carolina at June 30, 1993, and the results of its operations and cash flows of its proprietary and similar trust funds for the year then ended in conformity with generally accepted accounting principles.

Our joint audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of South Carolina. Such information has been subjected to the auditing procedures applied in the joint audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

KPMG Peat Marwick

Greenville, South Carolina
December 3, 1993

Edgar A. Vanghan Jr.

Columbia, South Carolina
December 3, 1993

**Photograph is not available
in web version of CAFR**

The occasion of its 48th anniversary was time for a flag-bedecked celebration for this Main Street merchant in Columbia. The store sold everything from baby buggies to suits to furniture and spanned the years from antebellum through Reconstruction in South Carolina.

**GENERAL PURPOSE
FINANCIAL STATEMENTS**
(Combined Statements - Overview)

Combined Balance Sheet

ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1993

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
ASSETS AND OTHER DEBITS					
Cash and cash equivalents	\$ 190,028	\$ 511,697	\$ 98,444	\$ 123,259	\$ 450,800
Cash on deposit with fiscal agents	—	—	—	—	—
Investments	—	202	—	30,132	13,759
Receivables, net:					
Accounts	9,754	54,101	4,085	69,001	26,593
Taxes	213,778	68,527	—	—	—
Patient and student	—	—	—	—	—
Student loans	—	—	—	232,467	—
Loans and notes	1,289	53,337	—	32,842	332
Due from Federal government and other grantors	30,236	214,232	36,858	10,358	148
Due from other funds	1,441	37,277	6,468	991	20,111
Interfund receivables	4,084	334	—	—	1,965
Advances to other funds	13,548	7,466	—	—	18,507
Inventories	10,935	23,913	—	79,317	6,039
Property, plant, and equipment, net	—	—	—	2,350,823	124,982
Restricted assets:					
Cash and cash equivalents	—	—	—	372,620	—
Investments	—	—	—	654,446	—
Loans receivable	—	—	—	523,181	—
Other	—	—	—	9,689	—
Other assets	—	408	—	2,076	870
Deferred charges	—	—	—	619,451	—
Amount to be provided for retirement of long-term obligations	—	—	—	—	—
Total assets and other debits	\$ 475,093	\$ 971,494	\$ 145,855	\$ 5,110,653	\$ 664,106

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES	ACCOUNT GROUPS		HIGHER EDUCATION FUNDS	Totals (Memorandum Only) June 30	
	General Fixed Assets	General Long-Term Obligations		1993	1992
Trust and Agency					
\$ 852,845	\$ —	\$ —	\$ 347,816	\$ 2,574,889	\$ 2,290,780
465,298	—	—	—	465,298	446,822
11,013,342	—	—	33,904	11,091,339	10,146,490
221,375	—	—	7,126	392,035	395,287
41,384	—	—	—	323,689	257,204
—	—	—	63,785	63,785	62,738
—	—	—	39,007	271,474	239,487
10,279	—	—	124	98,203	82,283
140	—	—	61,218	353,190	325,226
13,008	—	—	8,847	88,143	94,762
—	—	—	—	6,383	11,458
80	—	—	—	39,601	34,391
—	—	—	22,169	142,373	124,991
5,088	1,784,799	—	2,318,741	6,584,433	6,123,737
—	—	—	—	372,620	471,093
—	—	—	—	654,446	465,446
—	—	—	—	523,181	592,577
—	—	—	—	9,689	10,869
4,242	—	—	14,498	22,094	16,916
—	—	—	—	619,451	581,355
—	—	1,003,416	—	1,003,416	981,801
\$ 12,627,081	\$ 1,784,799	\$ 1,003,416	\$ 2,917,235	\$ 25,699,732	\$ 23,755,713

Continued on Next Page

Combined Balance Sheet

ALL FUND TYPES AND ACCOUNT GROUPS (Continued)

June 30, 1993

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
LIABILITIES, FUND EQUITY, AND OTHER CREDITS					
Liabilities:					
Accounts payable and accrued liabilities	\$ 131,867	\$ 239,607	\$ 38,935	\$ 180,516	\$ 189,704
Tax refunds payable	291,617	713	—	—	—
Intergovernmental payables	46,144	78,101	—	—	—
Insurance claims incurred but not reported	—	—	—	3,355	114,787
Due to other funds	34,549	11,470	1,435	441	—
Interfund payables	737	1,223	—	—	2,864
Advances from other funds	8,131	281	988	13,436	11,208
Deferred revenues and deferred credits	56,218	46,134	16	25,952	13,209
Deposits	—	—	654	19	—
Amounts held in custody for others	—	—	—	—	—
Deferred compensation	—	—	—	273	—
Liabilities payable from restricted assets	—	—	—	22,700	—
Notes payable	—	—	—	14,066	—
General obligation bonds payable	—	—	—	—	—
Revenue bonds payable	—	—	—	3,448,980	—
Certificates of participation payable	—	—	—	—	—
Capital lease and installment debt obligations payable	—	—	—	57,744	39,975
Commercial paper notes	—	—	—	121,750	—
Compensated absences payable	—	—	—	718	2,733
Other liabilities, including retainages payable	111	8,815	20,182	63,658	85
Total liabilities	569,374	386,344	62,210	3,953,608	374,565
Fund equity (deficit) and other credits:					
Contributed capital	—	—	—	238,682	78,238
Investment in fixed assets	—	—	—	—	—
Retained earnings:					
Reserved for special purposes	—	—	—	158,979	—
Unreserved	—	—	—	759,384	211,303
Fund balances (deficits):					
Reserved for:					
Pension and other benefits	—	—	—	—	—
Restricted fund balance	—	—	—	—	—
Federal government grants refundable	—	—	—	—	—
General fund reserve	66,832	—	—	—	—
Inventories	10,935	23,913	—	—	—
Advances to other funds	13,548	7,466	—	—	—
Appropriations to be carried forward	57,393	—	—	—	—
Endowment and similar funds	—	—	—	—	—
Long-term loans and notes receivable	1,265	53,035	—	—	—
School building aid	3,221	10,106	—	—	—
Encumbrances	—	—	—	—	—
Other special purposes	—	408	—	—	—
Unreserved:					
Designated for special purposes	—	237,559	—	—	—
Designated for capital expenditures	—	—	83,645	—	—
Designated for quasi-endowments	—	—	—	—	—
Undesignated	(247,475)	252,663	—	—	—
Total fund equity (deficit) and other credits	(94,281)	585,150	83,645	1,157,045	289,541
Total liabilities, fund equity (deficit), and other credits	\$ 475,093	\$ 971,494	\$ 145,855	\$ 5,110,653	\$ 664,106

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES		ACCOUNT GROUPS		HIGHER EDUCATION FUNDS	Totals						
					(Memorandum Only)						
Trust and Agency		General Fixed Assets	General Long-Term Obligations		June 30						
				1993	1992						
\$	203,197	\$	—	\$	1,668	\$	111,433	\$	1,096,927	\$	1,102,762
	884		—		—		—		293,214		279,059
	4		—		—		—		124,249		114,723
	—		—		4,302		—		122,444		128,937
	34,002		—		—		6,246		88,143		94,762
	303		—		—		1,256		6,383		11,458
	—		—		—		5,557		39,601		34,391
	2,111		—		—		29,232		172,872		144,273
	3,704		—		—		4,212		8,589		9,092
	684,226		—		—		3,788		688,014		603,425
	604,475		—		—		—		604,748		522,598
	—		—		—		—		22,700		30,252
	—		—		—		19,484		33,550		60,509
	—		—		840,795		43,230		884,025		844,955
	—		—		—		231,000		3,679,980		3,498,122
	—		—		—		19,335		19,335		19,740
	—		—		3,931		13,168		114,818		123,368
	—		—		—		—		121,750		124,000
	—		—		120,626		55,957		180,034		171,139
	165		—		32,094		7,041		132,151		83,513
	1,533,071		—		1,003,416		550,939		8,433,527		8,001,078
	—		—		—		—		316,920		283,685
	—		1,784,799		—		1,973,042		3,757,841		3,532,905
	—		—		—		—		158,979		146,085
	—		—		—		—		970,687		896,300
	11,023,597		—		—		—		11,023,597		9,961,902
	—		—		—		143,034		143,034		157,472
	—		—		—		38,818		38,818		36,021
	—		—		—		—		66,832		—
	—		—		—		—		34,848		31,278
	—		—		—		—		21,014		16,924
	—		—		—		—		57,393		7,586
	1,362		—		—		20,481		21,843		18,980
	—		—		—		—		54,300		69,959
	—		—		—		—		13,327		18,378
	—		—		—		1,344		1,344		1,239
	—		—		—		6,871		7,279		6,761
	—		—		—		68,500		306,059		299,857
	—		—		—		—		83,645		92,433
	—		—		—		24,409		24,409		22,151
	69,051		—		—		89,797		164,036		154,719
	11,094,010		1,784,799		—		2,366,296		17,266,205		16,754,635
\$	12,627,081	\$	1,784,799	\$	1,003,416	\$	2,917,235	\$	25,699,732	\$	23,755,713

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Capital Projects
Revenues:			
Taxes:			
Individual income.....	\$ 1,481,592	\$ —	\$ —
Retail sales and use.....	1,251,412	377,354	—
Other.....	600,292	383,254	40
Licenses, fees, and permits.....	158,364	142,335	—
Interest and other investment income.....	38,026	6,676	54
Federal.....	286,792	1,941,388	215,701
Departmental services.....	17,319	136,462	1,765
Contributions.....	11	101,231	244
Fines and penalties.....	16,921	27,261	—
Other.....	12,058	40,738	98
Total revenues.....	3,862,787	3,156,699	217,902
Expenditures:			
Current:			
General governmental.....	212,503	34,949	—
Education.....	153,068	101,396	—
Individual and family services.....	861,276	1,820,886	—
Administration of justice.....	279,577	33,384	—
Resources and economic development.....	71,292	59,729	—
Transportation.....	2,542	288,198	—
Capital outlay.....	—	24,572	432,135
Debt service:			
Principal retirement.....	103,134	1,182	—
Interest and fiscal charges.....	53,274	42	—
Intergovernmental.....	1,390,014	706,665	—
Total expenditures.....	3,126,680	3,071,003	432,135
Revenues over (under) expenditures.....	736,107	85,696	(214,233)
Other financing sources (uses):			
Proceeds from bonds and notes.....	—	—	110,000
Proceeds from refunding bonds.....	—	—	—
Lease and installment debt proceeds.....	1,584	2,774	—
Payments to refunded bond escrow agent.....	—	—	—
Operating transfers in.....	9,260	44,063	130,152
Operating transfers out.....	(630,783)	(129,427)	(18,687)
Total other financing sources (uses).....	(619,939)	(82,590)	221,465
Revenues and other sources over (under) expenditures and other uses.....	116,168	3,106	7,232
Fund balances (deficit), July 1, 1992.....	(212,055)	618,196	92,433
Increases (decreases) in reserve for inventories.....	1,356	2,214	—
Residual equity transfers in.....	336	—	—
Residual equity transfers out.....	(86)	(38,366)	(16,020)
Fund balances (deficit), June 30, 1993.....	\$ (94,281)	\$ 585,150	\$ 83,645

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPE	Totals (Memorandum Only) For the Fiscal Year Ended June 30	
	1993	1992
Expendable Trust		
\$ —	\$ 1,481,592	\$ 1,386,724
—	1,628,766	1,515,223
170,319	1,153,905	1,075,168
2,260	302,959	220,865
45,200	89,956	96,794
97,844	2,541,725	2,414,359
—	155,546	138,617
—	101,486	81,607
—	44,182	43,610
254	53,148	43,869
315,877	7,553,265	7,016,836
293,251	540,703	542,257
—	254,464	241,234
48	2,682,210	2,489,458
17	312,978	304,510
—	131,021	128,067
—	290,740	274,957
—	456,707	429,896
—	104,316	94,538
—	53,316	53,943
87	2,096,766	2,033,486
293,403	6,923,221	6,592,346
22,474	630,044	424,490
—	110,000	116,350
—	—	113,000
—	4,358	300
—	—	(112,787)
1,205	184,680	207,382
(339)	(779,236)	(801,045)
866	(480,198)	(476,800)
23,340	149,846	(52,310)
545,879	1,044,453	1,107,304
—	3,570	(20)
—	336	—
—	(54,472)	(10,521)
\$ 569,219	\$ 1,143,733	\$ 1,044,453

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis)

ALL BUDGETED FUNDS

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	BUDGETARY GENERAL FUND		
	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Admissions tax.....	\$ 8,300	\$ 7,788	\$ (512)
Aircraft tax.....	4,700	4,017	(683)
Alcoholic liquors tax.....	48,325	47,091	(1,234)
Bank tax.....	8,700	13,579	4,879
Beer and wine tax.....	74,085	72,858	(1,227)
Business license tax.....	29,000	28,719	(281)
Coin-operated device tax.....	28,000	38,380	10,380
Commercial nuclear waste tax.....	4,800	3,741	(1,059)
Contractors' license tax.....	1,500	1,474	(26)
Corporation income tax.....	139,650	158,246	18,596
Corporation license tax.....	42,000	40,463	(1,537)
Department of Agriculture.....	17,762	6,498	(11,264)
Departmental revenue (primarily grant revenues and fees for services).....	55,787	65,872	10,085
Documentary tax.....	12,000	13,461	1,461
Earned on investments.....	41,925	41,730	(195)
Education Improvement Act—1% sales tax.....	—	—	—
Education Improvement Act—investment earnings...	—	—	—
Education Improvement Act—other.....	—	—	—
Electric power tax.....	18,800	17,646	(1,154)
Estate tax.....	10,900	15,099	4,199
Excise tax—casual sales.....	10,156	10,345	189
Fertilizer inspection tax.....	180	209	29
Gasoline tax—counties.....	18,750	18,807	57
Gift tax.....	100	312	212
Individual income tax.....	1,470,333	1,494,799	24,466
Insurance tax.....	76,404	78,008	1,604
Miscellaneous sources.....	51,216	50,473	(743)
Motor transport fees.....	5,050	4,808	(242)
Nonrecurring (low-level radioactive waste access fee and other)	97,962	105,810	7,848
Private car lines tax.....	1,850	1,123	(727)
Public service assessment.....	4,200	4,482	282
Public Service Authority.....	6,366	5,997	(369)
Radioactive waste surcharge.....	21,600	18,205	(3,395)
Retail sales tax (4%).....	1,196,844	1,240,274	43,430
Retail sales tax—mail order sales.....	—	—	—
Retailers' license tax.....	1,215	657	(558)
Savings and loan association tax.....	2,700	4,514	1,814
Soft drinks tax.....	22,900	23,470	570
Workers' compensation insurance tax.....	8,100	8,639	539
Total revenues.....	3,542,160	3,647,594	105,434

The Notes to the Financial Statements are an integral part of this statement.

OTHER BUDGETED FUNDS			TOTAL BUDGETED FUNDS		
Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
\$ 19,658	\$ 14,478	\$ (5,180)	\$ 27,958	\$ 22,266	\$ (5,692)
—	—	—	4,700	4,017	(683)
—	—	—	48,325	47,091	(1,234)
—	—	—	8,700	13,579	4,879
—	—	—	74,085	72,858	(1,227)
—	—	—	29,000	28,719	(281)
—	—	—	28,000	38,380	10,380
—	—	—	4,800	3,741	(1,059)
—	—	—	1,500	1,474	(26)
—	—	—	139,650	158,246	18,596
—	—	—	42,000	40,463	(1,537)
3,167	2,400	(767)	20,929	8,898	(12,031)
5,836,551	5,105,256	(731,295)	5,892,338	5,171,128	(721,210)
1,515	1,289	(226)	13,515	14,750	1,235
24,979	7,330	(17,649)	66,904	49,060	(17,844)
301,750	312,290	10,540	301,750	312,290	10,540
525	474	(51)	525	474	(51)
4,032	3,073	(959)	4,032	3,073	(959)
—	—	—	18,800	17,646	(1,154)
—	—	—	10,900	15,099	4,199
—	—	—	10,156	10,345	189
—	—	—	180	209	29
5	—	(5)	18,755	18,807	52
—	—	—	100	312	212
—	—	—	1,470,333	1,494,799	24,466
17	15	(2)	76,421	78,023	1,602
88,252	51,121	(37,131)	139,468	101,594	(37,874)
—	—	—	5,050	4,808	(242)
70	—	(70)	98,032	105,810	7,778
—	—	—	1,850	1,123	(727)
—	—	—	4,200	4,482	282
—	—	—	6,366	5,997	(369)
—	—	—	21,600	18,205	(3,395)
—	—	—	1,196,844	1,240,274	43,430
30,000	—	(30,000)	30,000	—	(30,000)
—	—	—	1,215	657	(558)
—	—	—	2,700	4,514	1,814
—	—	—	22,900	23,470	570
—	—	—	8,100	8,639	539
6,310,521	5,497,726	(812,795)	9,852,681	9,145,320	(707,361)

Continued on Next Page

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis)

ALL BUDGETED FUNDS (Continued)

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	BUDGETARY GENERAL FUND		
	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:			
Legislative.....	\$ 28,568	\$ 24,808	\$ 3,760
Judicial.....	28,390	28,373	17
Executive and administrative.....	119,870	100,763	19,107
Educational.....	1,861,544	1,826,447	35,097
Health.....	574,640	573,976	664
Social rehabilitation services.....	131,761	131,624	137
Correctional.....	252,077	250,238	1,839
Conservation, natural resources, and development..	117,966	116,590	1,376
Regulatory.....	72,151	71,486	665
Transportation.....	2,643	2,545	98
Debt service.....	159,699	159,473	226
Miscellaneous.....	234,356	234,321	35
Highway Department.....	595	595	—
Enterprise agencies.....	—	—	—
Total expenditures.....	3,584,260	3,521,239	63,021
Excess of revenues over (under) expenditures.....	(42,100)	126,355	168,455
Other financing sources (uses):			
Operating transfers in.....	25,000	25,000	—
Operating transfers out.....	—	—	—
Total financing sources (uses).....	25,000	25,000	—
Excess of revenues and other sources over (under) expenditures and other uses.....	(17,100)	151,355	168,455
Budgetary fund balance, July 1, 1992.....	7,586	7,586	—
Residual equity transfers in.....	—	—	—
Budgetary fund balance, June 30, 1993.....	\$ (9,514)	\$ 158,941	\$ 168,455

The Notes to the Financial Statements are an integral part of this statement.

OTHER BUDGETED FUNDS			TOTAL BUDGETED FUNDS		
Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
\$ 934	\$ 431	\$ 503	\$ 29,502	\$ 25,239	\$ 4,263
410	283	127	28,800	28,656	144
406,883	193,297	213,586	526,753	294,060	232,693
2,054,555	1,663,688	390,867	3,916,099	3,490,135	425,964
2,099,761	2,004,092	95,669	2,674,401	2,578,068	96,333
670,292	586,820	83,472	802,053	718,444	83,609
144,193	116,965	27,228	396,270	367,203	29,067
145,093	103,239	41,854	263,059	219,829	43,230
115,067	99,806	15,261	187,218	171,292	15,926
2,578	1,714	864	5,221	4,259	962
—	—	—	159,699	159,473	226
—	—	—	234,356	234,321	35
739,223	716,774	22,449	739,818	717,369	22,449
34,682	29,511	5,171	34,682	29,511	5,171
6,413,671	5,516,620	897,051	9,997,931	9,037,859	960,072
(103,150)	(18,894)	84,256	(145,250)	107,461	252,711
—	—	—	25,000	25,000	—
—	(25,000)	(25,000)	—	(25,000)	(25,000)
—	(25,000)	(25,000)	25,000	—	(25,000)
(103,150)	(43,894)	59,256	(120,250)	107,461	227,711
590,422	590,422	—	598,008	598,008	—
—	12,141	12,141	—	12,141	12,141
\$ 487,272	\$ 558,669	\$ 71,397	\$ 477,758	\$ 717,610	\$ 239,852

Combined Statement of Revenues, Expenses, and Changes in Fund Equity

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	PROPRIETARY FUND TYPES	
	Enterprise	Internal Service
Operating revenues:		
Charges for services.....	\$ 661,554	\$ 610,241
Contributions.....	61	29,809
Interest and other investment income.....	82,898	22,753
Licenses, fees, and permits.....	—	257
Total operating revenues.....	744,513	663,060
Operating expenses:		
General operations and administration.....	422,798	180,825
Benefits and claims.....	8,373	453,238
Interest.....	67,342	—
Depreciation and amortization.....	100,191	14,378
Other operating expenses.....	7,682	925
Total operating expenses.....	606,386	649,366
Operating income.....	138,127	13,694
Nonoperating revenues (expenses):		
Interest income.....	23,268	2,826
Federal revenue.....	26,272	294
Costs to be recovered from future revenues.....	24,153	—
Interest expense.....	(155,177)	(7,093)
Other nonoperating revenues (expenses).....	(17,928)	164
Total nonoperating revenues (expenses).....	(99,412)	(3,809)
Income before operating transfers and extraordinary items.....	38,715	9,885
Operating transfers in.....	3,272	9,978
Operating transfers out.....	(5,816)	(345)
Income before extraordinary items.....	36,171	19,518
Extraordinary loss on early extinguishment of debt.....	(1,773)	—
Extraordinary gain—other.....	10,005	—
Net income	44,403	19,518
Retained earnings/fund balances, July 1, 1992	850,600	191,785
Residual equity transfers in.....	45,874	14
Residual equity transfers out.....	(22,514)	(14)
Retained earnings/fund balances, June 30, 1993.....	918,363	211,303
Contributed capital, July 1, 1992.....	205,864	77,821
Additions to contributed capital	34,590	1,927
Deductions from contributed capital.....	(1,772)	(1,510)
Fund equity, June 30, 1993.....	\$ 1,157,045	\$ 289,541

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES		Totals (Memorandum Only) For the Fiscal Year Ended June 30	
Nonexpendable Trust	Pension Trust	1993	1992
\$ —	\$ —	\$ 1,271,795	\$ 1,221,409
27	652,167	682,064	663,211
54	922,000	1,027,705	947,049
68	—	325	310
149	1,574,167	2,981,889	2,831,979
27	—	603,650	587,496
—	531,154	992,765	900,800
—	—	67,342	75,050
—	93	114,662	107,736
—	—	8,607	9,642
27	531,247	1,787,026	1,680,724
122	1,042,920	1,194,863	1,151,255
—	—	26,094	35,329
—	—	26,566	25,964
—	—	24,153	24,464
—	—	(162,270)	(168,658)
—	—	(17,764)	(17,631)
—	—	(103,221)	(100,532)
122	1,042,920	1,091,642	1,050,723
—	7,498	20,748	19,559
—	(7,178)	(13,339)	(21,117)
122	1,043,240	1,099,051	1,049,165
—	—	(1,773)	(2,574)
—	—	10,005	—
122	1,043,240	1,107,283	1,046,591
1,438	9,479,991	10,523,814	9,477,223
—	—	45,888	—
—	—	(22,528)	—
1,560	10,523,231	11,654,457	10,523,814
—	—	283,685	271,414
—	—	36,517	14,050
—	—	(3,282)	(1,779)
\$ 1,560	\$ 10,523,231	\$ 11,971,377	\$ 10,807,499

Combined Statement of Cash Flows

ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND

For the Fiscal Year Ended June 30, 1993

(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	Totals
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)
Cash flows from operating activities:				
Operating income.....	\$ 138,127	\$ 13,694	\$ 122	\$ 151,943
Adjustments to reconcile operating income to net cash provided by operations:				
Depreciation and amortization	100,191	14,378	—	114,569
Provisions for loan losses and bad debts.....	3,602	—	—	3,602
Loss on disposition of property and equipment	114	192	—	306
Issuance of loans.....	(96,797)	—	—	(96,797)
Collection of loans.....	130,190	—	—	130,190
Interest payments	67,188	—	—	67,188
Interest on investments and interfund loans.....	(16,311)	(21,487)	(54)	(37,852)
Amounts received for payment of claims.....	39,229	—	—	39,229
Payment of claims.....	(48,823)	—	—	(48,823)
Other nonoperating revenues.....	—	422	—	422
Other nonoperating expenses.....	—	(258)	—	(258)
Other.....	(208)	94	—	(114)
Change in assets--decreases (increases):				
Accounts receivable, net.....	(4,995)	7,251	1	2,257
Due from Federal government and other grantors.....	(2,729)	(148)	—	(2,877)
Due from other funds.....	(975)	4,394	—	3,419
Inventories.....	(11,241)	(515)	—	(11,756)
Other restricted assets.....	392	—	—	392
Other current assets.....	764	(444)	—	320
Deferred charges.....	403	—	—	403
Change in liabilities--increases (decreases):				
Accounts payable and accrued liabilities.....	(482)	22,380	(2)	21,896
Insurance claims incurred but not reported.....	(345)	(7,142)	—	(7,487)
Due to other funds.....	(175)	—	—	(175)
Interfund payables	102	100	—	202
Deferred revenues	5,356	(3,607)	—	1,749
Deposits.....	22	—	—	22
Deferred compensation	61	—	—	61
Liabilities payable from restricted assets	425	—	—	425
Compensated absences payable	166	176	—	342
Other liabilities, including retainages payable.....	21,002	(55)	—	20,947
Net cash and cash equivalents provided by operating activities.....	324,253	29,425	67	353,745
Cash flows from noncapital financing activities:				
Principal payments received from other funds.....	—	5,948	—	5,948
Proceeds from loans made by other funds.....	7,349	2,282	—	9,631
Principal payments made to other funds.....	(25)	(2,571)	—	(2,596)
Receipt of interest from other funds.....	—	4,279	—	4,279
Interest payments made to other funds	(483)	(1,534)	—	(2,017)
Loans made to other funds.....	—	(5,914)	—	(5,914)
Proceeds from sale of revenue bonds.....	34,831	—	—	34,831
Principal payments on revenue bonds.....	(180,368)	—	—	(180,368)
Proceeds from notes payable	2,693	—	—	2,693
Principal payments on notes payable	(139)	—	—	(139)
Interest payments	(72,389)	—	—	(72,389)
Payment of bond issuance costs.....	(1,126)	—	—	(1,126)
Federal revenue	26,273	202	—	26,475
Payments from Federal grants.....	(14,492)	—	—	(14,492)
Operating transfers in	3,272	9,978	—	13,250
Operating transfers out	(5,816)	(345)	—	(6,161)
Residual equity transfers in	21,594	—	—	21,594
Residual equity transfers out	(18,247)	—	—	(18,247)
Net cash and cash equivalents provided by (used in) noncapital financing activities.....	(197,073)	12,325	—	(184,748)

The Notes to the Financial Statements are an integral part of this statement.

Continued on Next Page

Combined Statement of Cash Flows

ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND (Continued)

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	Totals
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)
Cash flows from capital and related financing activities:				
Acquisition of property, plant, and equipment	\$ (319,807)	\$ (6,741)	\$ (23)	\$ (326,571)
Proceeds from loans made by other funds	—	1,132	—	1,132
Principal payments made to other funds	—	(3,348)	—	(3,348)
Interest payments made to other funds	—	(2,032)	—	(2,032)
Proceeds from sale of revenue bonds	546,272	—	—	546,272
Principal payments on revenue bonds	(236,498)	—	—	(236,498)
Interest payments	(173,595)	(3,527)	—	(177,122)
Payment of bond issuance costs	(7,699)	—	—	(7,699)
Increase in commercial paper notes	(2,250)	—	—	(2,250)
Proceeds from notes payable	12,027	—	—	12,027
Principal payments on notes payable	(9,079)	—	—	(9,079)
Principal payments on capital leases and installment debt obligations payable	(3,584)	(6,415)	—	(9,999)
Additions to deferred loan costs	(14)	—	—	(14)
Contributions of capital	28,849	181	—	29,030
Reductions of contributed capital	—	(70)	—	(70)
Net cash and cash equivalents used in capital and related financing activities	(165,378)	(20,820)	(23)	(186,221)
Cash flows from investing activities:				
Proceeds from sale of investments	71,521	25,222	100	96,843
Purchase of investments	(253,999)	(26,998)	—	(280,997)
Interest on investments	62,859	20,035	54	82,948
Principal payments received on notes receivable	—	25	—	25
Issuance of loans	(6,420)	—	—	(6,420)
Collection of loans	4,509	—	—	4,509
Net cash and cash equivalents provided by (used in) investing activities	(121,530)	18,284	154	(103,092)
Net increase (decrease) in cash and cash equivalents	(159,728)	39,214	198	(120,316)
Cash and cash equivalents, July 1, 1992	655,607	411,586	1,322	1,068,515
Cash and cash equivalents, June 30, 1993	\$ 495,879	\$ 450,800	\$ 1,520	\$ 948,199
Reconciliation of cash and cash equivalents to the balance sheet:				
Cash and cash equivalents for Fiduciary Funds			\$ 852,845	
Less: Cash and cash equivalents for Expendable Trust Funds, Pension Trust Funds, and Agency Funds			(851,325)	
Cash and cash equivalents Nonexpendable Trust Fund			\$ 1,520	
Noncash capital and financing activities:				
Acquisition of property and equipment through:				
Increase in accounts payable	\$ 1,142	\$ —	\$ —	\$ 1,142
Contributions and transfers from other funds	1,459	1,746	—	3,205
Amortization and write-off of bond issue discount	55	—	—	55
Total noncash capital and financing activities	\$ 2,656	\$ 1,746	\$ —	\$ 4,402

Combined Statement of Changes in Fund Balances

HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT AND SIMILAR FUNDS
	Unrestricted	Restricted		
Revenues and other additions:				
Unrestricted Current Fund revenues.....	\$ 986,637	\$ —	\$ —	\$ —
Restricted student tuition and fees.....	—	—	—	—
Federal grants and contracts--restricted.....	—	181,565	1,093	1,000
State grants--restricted.....	—	8,210	1	49
Private gifts, grants, and contracts--restricted.....	—	49,807	—	1,490
Investment income--restricted.....	—	2,328	166	535
Realized investment gains--restricted.....	—	6	10	505
Interest earned.....	—	—	949	2
Expended for plant facilities.....	—	—	—	—
Retirement of indebtedness.....	—	—	—	—
Retirement of indebtedness--defeased bonds.....	—	—	—	—
Proceeds of bond refunding.....	—	—	—	—
Capitalization of interest cost.....	—	—	—	—
Sale of property.....	—	—	—	—
Other revenues and additions.....	—	1,952	143	289
Total revenues and other additions.....	986,637	243,868	2,362	3,870
Expenditures and other deductions:				
Educational and general.....	995,786	217,391	—	—
Auxiliary enterprises.....	157,427	1,838	—	—
Hospital.....	340,422	—	—	—
Indirect costs recovered.....	—	18,488	3	—
Loan cancellation and bad debt write-offs.....	—	—	490	6
Administration and collection costs.....	—	—	456	60
Expended for plant facilities.....	—	—	—	—
Retirement of indebtedness.....	—	—	—	—
Interest on indebtedness.....	—	—	—	—
Disposal of plant facilities.....	—	—	—	—
Refunding bonds issued.....	—	—	—	—
Payment to refunded bond escrow agent.....	—	—	—	—
Refunds to grantors.....	—	—	56	—
Other expenditures and deductions.....	1,696	597	29	1
Total expenditures and other deductions.....	1,495,331	238,314	1,034	67
Transfers in (out):				
Transfers among Higher Education Funds:				
Mandatory transfers for:				
Principal and interest.....	(36,306)	—	—	—
Loan fund matching grants.....	(105)	—	105	—
Other.....	(276)	236	—	(9)
Nonmandatory transfers.....	(8,129)	(1,808)	231	1,291
Operating transfers in.....	614,956	1,989	—	—
Operating transfers out.....	(47,136)	(1,096)	—	—
Total transfers in (out).....	523,004	(679)	336	1,282
Net increases (decrease) in fund balances.....	14,310	4,875	1,664	5,085
Fund balances, July 1, 1992.....	115,237	22,464	41,082	39,805
Residual equity transfers in.....	—	—	—	—
Residual equity transfers out.....	—	—	—	—
Fund balances, June 30, 1993.....	\$ 129,547	\$ 27,339	\$ 42,746	\$ 44,890

The Notes to the Financial Statements are an integral part of this statement.

PLANT FUNDS				Totals for the Fiscal Year Ended June 30	
Unexpended	Renewal and Replacements	Retirement of Indebtedness	Investment in Plant	1993	1992
\$ —	\$ —	\$ —	\$ —	\$ 986,637	\$ 920,273
6,093	—	14,164	59	20,316	20,588
12,917	—	378	1	196,954	171,651
24	—	—	—	8,284	5,387
5,182	—	114	1,855	58,448	49,841
2,481	—	3,463	—	8,973	9,018
—	—	—	—	521	1,009
365	—	382	—	1,698	1,758
—	—	—	148,008	148,008	203,198
—	—	—	19,718	19,718	21,010
—	—	—	26,084	26,084	7,775
—	—	28,545	—	28,545	7,395
2,750	—	—	—	2,750	1,492
—	—	—	—	—	687
2,712	—	2,111	533	7,740	7,393
32,524	—	49,157	196,258	1,514,676	1,428,475
—	—	—	—	1,213,177	1,146,341
—	—	—	—	159,265	155,029
—	—	—	—	340,422	315,343
—	—	—	—	18,491	16,028
—	—	—	—	496	418
—	—	—	—	516	456
100,594	—	—	—	100,594	149,077
—	—	19,131	—	19,131	17,867
—	—	20,260	—	20,260	17,353
—	—	—	23,673	23,673	24,074
—	—	—	28,545	28,545	7,395
—	—	29,530	—	29,530	8,032
—	—	—	—	56	90
6,529	—	67	1,729	10,648	9,467
107,123	—	68,988	53,947	1,964,804	1,866,970
1,105	—	35,201	—	—	—
—	—	—	—	—	—
(2,059)	—	2,108	—	—	—
52,678	—	(15,677)	(28,586)	—	—
18,686	—	—	—	635,631	636,504
—	—	(70)	—	(48,302)	(41,104)
70,410	—	21,562	(28,586)	587,329	595,400
(4,189)	—	1,731	113,725	137,201	156,905
90,419	14,195	46,576	1,859,317	2,229,095	2,072,190
14,195	—	—	—	14,195	—
—	(14,195)	—	—	(14,195)	—
\$ 100,425	\$ —	\$ 48,307	\$ 1,973,042	\$ 2,366,296	\$ 2,229,095

Combined Statement of Current Funds Revenues, Expenditures, and Other Changes

HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	Unrestricted	Restricted	Totals for the Fiscal Year Ended June 30	
			1993	1992
Revenues:				
Tuition and fees.....	\$ 305,276	\$ —	\$ 305,276	\$ 276,839
Federal grants and contracts.....	27,906	161,929	189,835	166,506
State grants and contracts.....	—	7,810	7,810	7,319
Local grants and contracts.....	21,567	1,133	22,700	21,384
Private gifts, grants, and contracts.....	27,765	43,716	71,481	69,364
Endowment income.....	162	1,704	1,866	2,139
Sales and services of educational departments.....	26,431	—	26,431	24,502
Sales and services of auxiliary enterprises.....	171,715	—	171,715	167,424
Sales and services of hospitals.....	383,862	—	383,862	351,577
Other.....	21,953	1,808	23,761	25,822
Total current revenues.....	986,637	218,100	1,204,737	1,112,876
Expenditures and mandatory transfers:				
Educational and general:				
Instruction.....	494,624	32,942	527,566	501,759
Research.....	53,745	80,380	134,125	120,304
Public service.....	57,554	32,126	89,680	88,152
Academic support.....	95,869	7,601	103,470	103,213
Student services.....	62,372	5,718	68,090	64,029
Institutional support.....	115,894	2,214	118,108	108,797
Operation and maintenance of plant.....	100,948	172	101,120	97,231
Scholarships and fellowships.....	14,780	56,238	71,018	62,856
Educational and general expenditures.....	995,786	217,391	1,213,177	1,146,341
Mandatory transfers for:				
Principal and interest.....	10,265	—	10,265	8,546
Loan fund matching grants.....	105	—	105	106
Other.....	276	(236)	40	31
Total educational and general.....	1,006,432	217,155	1,223,587	1,155,024
Auxiliary enterprises:				
Expenditures.....	157,427	1,838	159,265	155,029
Mandatory transfers for principal and interest.....	15,417	—	15,417	13,438
Total auxiliary enterprises.....	172,844	1,838	174,682	168,467
Hospitals:				
Expenditures.....	340,422	—	340,422	315,343
Mandatory transfers for principal and interest.....	10,624	—	10,624	10,360
Total hospitals.....	351,046	—	351,046	325,703
Total expenditures and mandatory transfers.....	1,530,322	218,993	1,749,315	1,649,194
Other transfers and additions (deductions):				
Excess of restricted receipts over transfers to revenues.....	—	7,280	7,280	949
Operating transfers in.....	614,956	1,989	616,945	609,942
Operating transfers out.....	(47,136)	(1,096)	(48,232)	(41,104)
Other deductions.....	(9,825)	(2,405)	(12,230)	(4,349)
Total operating transfers and additions.....	557,995	5,768	563,763	565,438
Net increase in fund balances.....	\$ 14,310	\$ 4,875	\$ 19,185	\$ 29,120

The Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Scope of Reporting Entity

These financial statements include all component units over which the State's elected officials exercise significant oversight responsibility. Financial interdependency is the most important element of oversight responsibility. However, the following also were considered in determining the scope of the reporting entity:

- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Based on the above criteria, the following significant component units are included in these financial statements:

Fiscal years ended June 30, 1993:

- State-supported colleges/universities
- Area technical colleges
- The State's five retirement systems
- State Housing Finance and Development Authority
- State Ports Authority
- State Education Assistance Authority and Student Loan Corporation
- South Carolina Research Authority
- Patriots Point Development Authority
- Jobs-Economic Development Authority
- The Local Government Investment Pool

Fiscal years ended December 31, 1992:

- South Carolina Public Service Authority (Santee-Cooper)
- South Carolina Deferred Compensation Plans

These financial statements exclude the related foundations listed in Note 14 because the State does not significantly influence operations of the related foundations nor are the related foundations accountable to the State for fiscal matters.

b. Basis of Presentation—Fund Accounting

The State uses fund accounting under which it segregates its resources and accounts for them in various individual funds. Each individual fund is an accounting entity with a self-balancing set of accounts. Individual funds that have similar characteristics are combined into fund types.

Governmental Funds

Governmental Funds finance most of the State's governmental functions. The measurement focus of the Governmental Funds is on sources, uses, and balances of financial resources.

The General Fund is the State's general operating fund. It accounts for resources that fund the services South Carolina's State government traditionally has provided to its citizens, except those required to be accounted for in another fund.

Special Revenue Funds account for specific revenue sources (other than for Capital Projects, Trust, and Higher Education Funds) that are legally restricted for specified purposes.

Capital Projects Funds account for resources to acquire major capital facilities for use by the General Fund and Special Revenue Funds, including planning/construction of the State's highway system.

Debt Service Funds are not used because the State does not accumulate resources to pay future years' general long-term obligations. Instead, the State finances such payments directly from the current year's resources.

Proprietary Funds

Proprietary Funds account for activities similar to those found in the private sector. The Financial Accounting Standards Board (FASB) and its predecessor organizations have issued accounting and reporting standards for activities in the private sector. Except for the Public Service Authority, the State's Proprietary Funds have elected not to apply standards issued by those organizations after November 30, 1989. These Proprietary Funds, however, have applied all applicable pronouncements issued by the Governmental Accounting Standards Board (GASB). The Public Service Authority has elected to apply all FASB pronouncements that are not inconsistent with GASB pronouncements.

The measurement focus of the Proprietary Funds is upon determination of net income, financial position, and cash flows.

Enterprise Funds account for business-like State activities that provide goods/services to the public financed primarily through user charges.

Internal Service Funds provide goods/services to other funds, other component units, or other governments on a cost-allocation basis.

Fiduciary Funds

Fiduciary Funds account for resources the State holds as trustee or agent for individuals, private organizations, or other governmental units. Both principal and earnings of Expendable Trust Funds may be used for purposes allowed under the trust agreements. Only the earnings, but not the principal, of Nonexpendable Trust Funds may be expended.

Expendable Trust Funds have the same measurement focus as Governmental Funds. Nonexpendable Trust and Pension Trust Funds have the same measurement focus as Proprietary Funds. Agency Funds are custodial in nature and do not involve measurement of results of operations.

Notes to the Financial Statements

Account Groups

The General Fixed Asset Account Group includes all fixed assets other than those accounted for in the Proprietary and Higher Education Funds.

The General Long-Term Obligations Account Group accounts for all long-term obligations not accounted for in the Proprietary and Higher Education Funds. Significant long-term obligations include bonds, notes, capital leases, compensated absences, and claims/judgments.

c. Basis of Accounting

The basis of accounting determines when the State recognizes revenues and expenditures/expenses and related assets and liabilities, regardless of measurement focus.

Governmental, Expendable Trust, and Agency Funds

The modified accrual basis of accounting is used in Governmental, Expendable Trust, and Agency Funds. Under the modified accrual basis, revenues are recorded when they become susceptible to accrual (i.e., both measurable and available). Except for entitlements, unemployment insurance taxes, and interest on investments, revenues are deemed available at year-end only if received within one month following year-end. Unemployment insurance taxes in the Expendable Trust Funds are deemed available at year-end only if received within forty-five days following year-end. Interest on investments is recorded as earned because it is deemed available when earned. Deferred revenue is recorded for receivables that are measurable but not available at year-end.

Individual income taxes in the hands of employers, sales and similar taxes (including gasoline taxes) in the hands of merchants or other State collection agents, delinquent taxes, charges for services and commodities, and interest income are accrued at year-end. Corporate income taxes, fines, forfeitures, licenses and fees, and other miscellaneous taxes and revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Expenditures generally are recorded when goods or services are received. An exception is that principal and interest on obligations reflected in the General Long-Term Obligations Account Group are recorded as expenditures when due. Additional exceptions are that expenditures for compensated absences, claims, and judgments reflected in the General Long-Term Obligations Account Group are recorded when paid.

Proprietary, Nonexpendable Trust, and Pension Trust Funds

The State uses the accrual basis of accounting to report activity of the Proprietary, Nonexpendable Trust, and Pension Trust Funds. Under the accrual basis of accounting, the State recognizes revenues

when earned and expenses when incurred. The Public Service Authority, an Enterprise Fund, is a regulated utility which uses accounting principles established by the Federal Energy Regulatory Commission.

Grant/Entitlement Revenues

The State recognizes grants, including non-cash support, as revenue when the State has incurred grant costs and has met all related grant requirements (such as matching requirements). Food stamps totaling \$307.0 million and food commodities of \$17.2 million represent the largest sources of non-cash support for the year ended June 30, 1993. In contrast, the State recognizes entitlements as revenue at the beginning of the entitlement period.

Pending determination of which funds are to be financed, grant/entitlement monies to be distributed to other State agencies are accounted for in Agency Funds. At June 30, 1993, assets totaling approximately \$4.4 million were being held in Agency Funds pending such determination.

d. Cash and Cash Equivalents

The amounts shown on the Combined Balance Sheet as Cash and Cash Equivalents represent petty cash, cash on deposit in banks, and cash invested in various instruments as a part of the State's cash management pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as Cash and Cash Equivalents. The State Treasurer administers the cash management pool. The pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, and collateralized repurchase agreements.

Most State agencies participate in the cash management pool. Significant component units excluded from the pool, however, are the State's retirement and deferred compensation plans, the South Carolina Public Service Authority, Ports Authority, and the Local Government Investment Pool. Certain activities of the Higher Education Funds and the Housing Authority Fund, an Enterprise Fund, also are excluded from the pool. For activities excluded from the pool, Cash Equivalents include investments in short-term, highly liquid securities having an initial maturity of three months or less.

e. Cash Management Pool—Allocation of Interest

The State's cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund's equity interest in the general deposit account. All earnings on that account, however, are recorded in the General Fund. In contrast, each special deposit account retains its own earnings.

Notes to the Financial Statements

f. Investments and Deferred Yield Adjustment for Security Exchanges

Investments are stated at amortized cost using the effective interest method to amortize bond premiums/discounts over the time from purchase to maturity, except for deferred compensation plans' investments which are valued at the value of the underlying insurance contracts.

Additionally, gains and losses on bond exchanges in the Pension Trust Funds are accounted for under the deferral and amortization method. Net gains and losses on bond exchanges are deferred and amortized on a straight-line basis over the shorter of the life of the bond sold or purchased. Gains or losses arising from non-exchange bond transactions are not deferred; they are recognized in the current year. The unamortized amount of the deferred yield adjustment is reported as a part of Investments on the Combined Balance Sheet.

g. Receivables

Receivables are stated net of allowances for uncollectible amounts. Uncollectible amounts are estimated based upon past collection experience.

h. Inventories

Inventories of the Governmental Funds are valued at cost using predominantly the moving average cost methodology while inventories of the Proprietary Funds are valued at cost using the average cost methodology. The Governmental Funds use the purchases method while the Proprietary Funds use the consumption method.

i. Fixed Assets and Depreciation

Fixed assets are valued at historical cost or at estimated historical cost if actual historical cost data are not available. Donated fixed assets are recorded at fair market value on the donation date.

Governmental Funds

Governmental Funds record expenditures when they acquire fixed assets and capitalize those assets in the General Fixed Assets Account Group. The General Fixed Assets Account Group records neither depreciation nor capitalization of interest expenditures during construction. The State does not record its public domain (infrastructure) assets in the General Fixed Assets Account Group.

Proprietary and Similar Trust Funds

Proprietary Funds, Nonexpendable Trust Funds, and Pension Trust Funds capitalize fixed assets when acquired. Net interest costs are capitalized on projects during the construction period. Depreciation is provided using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Wando River channel dredging project.....	50
Other land improvements.....	20-30
Residential buildings.....	20-30
Office and other buildings.....	20-40
Hydro-electric utility plants.....	55
Other utility plants.....	22-37
Automobiles, vans, light trucks.....	5-8
Heavy trucks and buses.....	8-15
Airplanes and helicopters.....	3-8
Other furnishings and equipment.....	5-15

Depreciation on fixed assets acquired from Contributed Capital is closed to Retained Earnings.

j. Restricted Assets and Liabilities Payable from Restricted Assets

Most of the amounts reported as Restricted Assets represent Enterprise Fund assets required to be held and/or used as specified in bond indentures and bond resolutions. Restricted Assets also include amounts collected by the Second Injury Fund, an Enterprise Fund, to pay claims for which the Fund has no risk. The amounts held by the Second Injury Fund are offset by Liabilities Payable from Restricted Assets to demonstrate that the Fund has not assumed any risk for the payment of claims.

Restricted assets are classified into four categories: Cash and Cash Equivalents, Investments, Loans Receivable, and Other. The State's restricted assets consist primarily of United States government securities, repurchase agreements, and student and mortgage loans receivable.

k. Deferred Charges

Unamortized loss on refunded debt and deferred costs to be recovered from future revenues of the South Carolina Public Service Authority (a regulated utility) are recorded as Deferred Charges in the Enterprise Funds. The Authority amortizes significant gains/losses on refunding debt issues over the life of the new issues rather than recognizing the gain/loss as an extraordinary item at the date of refunding. The recovery of outstanding amounts associated with costs to be recovered from future revenue will coincide with the retirement of the outstanding long-term debt of the Authority.

l. Tax Refunds Payable

During the calendar year, the State collects employee withholdings and taxpayers' payments for personal income taxes. Taxpayers file returns by April 15 for the preceding calendar year. At June 30, the State estimates the amount it owes taxpayers for overpayments during the preceding six months. This estimated payable is recorded as Tax Refunds Payable and a reduction of Tax Revenues.

Notes to the Financial Statements

m. Compensated Absences

During their first ten years of service, full-time permanent State employees annually earn 15 days of vacation leave and 15 days of sick leave. After ten years, employees earn an additional 1.25 days of vacation leave for each year of service over ten until they reach the maximum of 30 days per year. Employees may carry forward up to 45 days of vacation leave and 180 days of sick leave from one calendar year to the next. Upon termination of employment, the State pays employees for accumulated vacation leave at the pay rate then in effect. Employees do not receive pay for accumulated sick leave when they terminate.

The General and Special Revenue Funds record expenditures when they pay employees for leave, and the liability for accumulated vacation leave is recorded in the General Long-Term Obligations Account Group. For Proprietary Funds, the cost of vacation leave is recorded as an expense and a liability when earned by the employee.

n. Interfund Transactions

The State accounts for the following types of interfund transactions:

Interfund loans may occur between two State funds. Short-term interfund loans outstanding at year-end are recorded as Interfund Receivables/Payables. Advances To/From Other Funds represent long-term interfund loans receivable and payable.

Reimbursements result when one fund makes an expenditure on behalf of another fund. Reimbursement transactions reduce expenditure in the reimbursed fund and increase expenditure in the reimbursing fund.

Quasi-external transactions involve charges for goods or services that one fund delivers or provides to another. These transactions may result in the recording of short-term receivables or payables (Due From or To Other Funds) at year-end.

Residual equity transfers are nonroutine or nonrecurring transfers between funds.

Operating transfers include all interfund transactions that are not loans, reimbursements, quasi-external transactions, or residual equity transfers.

The State eliminates material intrafund transactions and interfund transactions that occur within a single combined financial statement fund type.

o. Risk Management

Several funds accumulate assets to cover risks that the State incurs in its normal operations. Specifically, the State itself (rather than an insurance carrier) assumes substantially all risks associated with:

Claims of State employees for unemployment compensation benefits

Claims of covered employees for workers' compensation benefits
Claims of covered public employees for health insurance, dental insurance, long-term disability insurance, and group life insurance benefits (insurance carriers, however, provide claims administration services)

In addition, the State maintains an Insurance Reserve Fund to cover risks associated with:

Real property including public buildings, local public schools, and their contents
Motor vehicles and school buses
General tort claims that parties may file against the State or its political subdivisions
Medical malpractice claims that parties may file against covered hospitals and employees
Business interruptions

The Insurance Reserve Fund purchases insurance coverage for a portion of these risks.

The State has recorded liabilities both for claims known but not paid and for claims incurred but not reported at June 30 in its risk management funds, which are reported primarily as Internal Service Funds.

The State also administers the Patients' Compensation Fund, a public entity risk pool reported within the State's Enterprise Funds, which provides medical malpractice insurance.

p. Discrete Presentation—Higher Education Funds

Financial activities of the State's higher education institutions are reported in the Higher Education Funds. These funds use generally accepted accounting principles that apply to colleges and universities as contained in *Audits of Colleges and Universities* published by the American Institute of Certified Public Accountants. The Higher Education Funds are presented in a separate column on the Combined Balance Sheet as a discrete presentation. The Combined Statement of Changes in Fund Balances—Higher Education Funds presents the following fund types:

Current Funds account for resources that higher education institutions may use for any purpose in carrying out their primary objectives. Restricted Current Funds include resources that donors or other outside agencies have restricted for specific current operating purposes. All other current funds are Unrestricted Current Funds.

Loan Funds account for resources available for loans to students, faculty, or staff of higher education institutions.

Endowment and Similar Funds account for endowment and quasi-endowment transactions. These funds are similar to trust funds. The State must comply with the terms of any applicable agreements.

Notes to the Financial Statements

Plant Funds account for transactions involving physical properties of the higher education institutions. The Unexpended Plant subgroup accounts for monies that institutions have available to finance the acquisition, construction, or improvement of physical properties. Resources that institutions have set aside for the renewal and replacement of institutional properties are also recorded in this fund. The Retirement of Indebtedness subgroup includes monies to pay debt service and to retire indebtedness on institutional properties. The Investment in Plant subgroup accounts for funds that institutions have expended for (and thus have invested in) their properties and any related outstanding debt.

Agency Funds within the Higher Education Funds account for amounts that higher education institutions hold as custodians or fiscal agents for others.

The Combined Statement of Current Funds Revenues, Expenditures, and Other Changes—Higher Education Funds is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

Cash transfers between the higher education institutions and the General Fund and Special Revenue Funds appear as revenues and expenditures on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis)—All Budgeted Funds. On all other combined operating statements, however, such transfers to (from) the institutions appear in the Higher Education Funds as Operating Transfers In (Out). Accordingly, on the Combined Statement of Current Funds Revenues, Expenditures, and Other Changes—Higher Education Funds, the sum of the Current Restricted Funds' Revenues and Operating Transfers In equals the sum of Expenditures and Mandatory Transfers and Operating Transfers Out.

The measurement focus in the Higher Education Funds is upon determination of resources received and used. The Higher Education Funds use the accrual basis. However, depreciation of fixed assets is not recorded. In addition, revenues from tuition and student fees of a summer session are reported totally within the fiscal year in which the session is predominantly conducted. Current Funds used to finance plant assets are accounted for as (1) expenditures for normal replacement of movable equipment and library books, (2) mandatory transfers for required provisions for debt amortization/interest, and (3) transfers of a nonmandatory nature for all other cases.

Higher Education Funds record expenditures when they acquire fixed assets and capitalize those assets within their Plant Funds. These funds capitalize interest expenditures during construction but do not record depreciation.

Inventories of the Higher Education Funds are valued at the lower of cost or market using the first-in, first-out method. These funds use the consumption method of recording inventories.

The State's colleges and universities record an expenditure and liability in the Current Unrestricted Fund when employees earn credits toward future compensated absences.

q. Totals (Memorandum Only) Columns

Amounts in the "Totals—Memorandum Only" columns represent an aggregation of the combined financial statement line-items to facilitate financial analysis. Amounts in the "Totals—Memorandum Only" columns are not comparable to a consolidation.

"Memorandum Only" columns for 1992 are included to provide a summarized comparison with comparable 1993 amounts. The 1992 totals are not intended to present all information necessary for a fair presentation of financial position and results of operations in accordance with generally accepted accounting principles.

To enhance comparability, some 1992 amounts have been reclassified to conform with the presentation used in the 1993 financial statements.

NOTE 2: BUDGETARY ACCOUNTING AND REPORTING

a. Budgetary Funds

South Carolina's Appropriation Act does not present budgets by GAAP fund. Instead, it presents budgets for:

General Funds. These funds are general operating funds. The resources in these funds are primarily taxes. The State expends General Funds to provide traditional State government services. The General Funds column in the Appropriation Act differs somewhat from the GAAP General Fund.

Total Funds. The Total Funds column in the Appropriation Act includes all budgeted resources. Amounts in this column include General Funds as well as most Federal and department-generated resources. Total Funds include some Proprietary and Capital Project Fund activities but exclude Pension Trust Funds and most other Trust and Agency Fund activities.

The accompanying financial statements include a Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis)—All Budgeted Funds. The Budgetary General Fund category on that statement corresponds to the General Funds column in the Appropriation Act. The Other Budgeted Funds category represents the difference between the Total Funds and the General Funds columns in the Appropriation Act.

b. Budgetary Basis of Accounting

Current legislation states that the General Assembly intends to appropriate all monies to operate State government for the current fiscal year. Unexpended Budgetary General Fund appropriations lapse on July 31 unless the department or agency is given specific authorization to carry them forward to the next fiscal year. Cash-basis accounting for payroll expenditures is required.

Notes to the Financial Statements

State law does not precisely define the budgetary basis of accounting. In practice, however, it is the cash basis with the following exceptions:

- (i) Departments and agencies charge certain vendor and interfund payments against the preceding fiscal year's appropriations through July 20.
- (ii) Several types of revenues collected in advance are recorded as liabilities (deferred revenues) rather than as revenues.
- (iii) Sales Taxes (including the Education Improvement Act-1% Sales Tax, Excise Tax-Casual Sales, and Retail Sales Tax-4%) in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual (Budgetary Basis) have been recorded on the modified accrual basis since 1990-91.
- (iv) In accordance with the 1992-93 Appropriation Act, the State recorded the following taxes in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual (Budgetary Basis) on the modified accrual basis this year for the first time: Admissions Tax, Alcoholic Liquors Tax, Beer and Wine Tax, Business License Tax, Electric Power Tax, Gasoline Tax-Counties, and Soft Drinks Tax. The resulting one-time increase in resources on the budgetary basis is budgeted and reported within revenues as Nonrecurring (Low-Level Radioactive Waste Access Fee and Other).
- (v) All other revenues are recorded only when the State receives the related cash.

c. Budgetary Policies

State law does not require the use of encumbrance accounting. Neither the General Fund nor the Budgetary General Fund, therefore, records encumbrances or a reserve for encumbrances. Instead, the General Fund records the authorized appropriations to be carried forward as a reserve of fund balance.

The State maintains budgetary control at the level of major object class of expenditure within each program of each department or agency. All budgeted departments and agencies except the higher education institutions and the Department of Highways and Public Transportation process their disbursement vouchers through a central budgetary accounting system maintained by the Comptroller General's Office. (As a result of legal changes, the Department of Highways and Public Transportation is no longer an exception effective on July 1, 1993.) Departments and agencies may process disbursement vouchers in the State's budgetary accounting system only if enough cash and appropriations exist. The State's 1992-93 Appropriation Act has approximately 5,350 appropriated line items. These line items constitute the level of legal control over expenditures. The level

of legal control for all agencies is reported in a publication of the State Comptroller General's Office titled "A Detailed Report of Appropriations and Expenditures," not included herein. Departments and agencies may request transfers of appropriations among major object classes and/or among programs within the same budgetary fund. No such transfer request, however, may exceed twenty percent of the program budget. The Budget and Control Board, composed of five key executive and legislative officials, has the authority to approve such requests.

Each year, the General Assembly enacts an Appropriation Act that includes initial estimated revenue and appropriation figures for the Budgetary General Fund. The 1992-93 Appropriation Act directed the Budget and Control Board to reduce the Budgetary General Fund's appropriations during the year if necessary to prevent a deficit. Likewise, the Budget and Control Board may approve increases or decreases in the Budgetary General Fund's estimated revenues during the year when recommended by the State Board of Economic Advisors.

For Other Budgeted Funds, the annual Appropriation Act presents estimated revenue amounts only for Education Improvement Act and highway revenues. The Budget and Control Board, however, provides estimated revenue amounts for the other resources in these funds. The Appropriation Act includes all appropriation amounts for these funds.

As operating conditions change, departments and agencies may request revisions of estimated revenues and expenditures in Other Budgeted Funds. Such changes require the Governor's approval, the Joint Appropriation Review Committee's concurrence, and the Budget and Control Board's review. Departments and agencies also may request revisions of estimated revenues and appropriations for permanent improvement projects that the General Assembly did not specifically authorize. The Budget and Control Board and the Joint Bond Review Committee must approve and review these changes. During the current fiscal year, the State's budget was amended in accordance with the procedures outlined above.

During June 1993, the General Assembly enacted a Supplemental Appropriation Act. The Act required that the first \$33.8 million of available funds on the budgetary basis of accounting at year-end be reserved (in the General Reserve) and that the next \$32.5 million be recorded as supplemental appropriations. The Act further authorized the carry-forward of the supplemental appropriations to 1993-94. Because sufficient funds were available on the budgetary basis, the supplemental appropriations were recorded and carried forward to 1993-94.

d. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 1993, the Educational function within Other Budgeted Funds had \$15.973 million of expenditures in excess of appropriations at the level of legal control. These overexpenditures were associated with the State's Technical Colleges, the College of Charleston, and the Department of Education. The State's colleges and universities are among those component units which have the authority under the State law to

Notes to the Financial Statements

maintain their own accounting systems. The Department of Education's overexpenditures resulted from 1992-93 payments which the Department initially charged against its 1993-94 appropriations; by the time they discovered their error, it was too late to process a request for increased appropriations. In all cases, the agencies involved had sufficient budgetary-basis revenue and cash to provide for their budgetary-basis expenditures.

e. Legal Limit On Appropriations

State law imposes a ceiling on appropriations for general, school, and highway purposes. The limit equals the greater of: (1) the limit for the last fiscal year increased by the average percentage rate of growth in State personal income for the previous three completed calendar years, or (2) 9.5% of the total personal income of the State for the last completed calendar year.

The 1992-93 Appropriation Act included appropriations of \$4.190 billion for general, school, and highway purposes—\$996.9 million less than the legal limit.

f. Legal Limit on Number of State Employees

The State's Constitution and statutes limit the number of employees that the Budgetary General Fund may fund. The number of these employees may not increase faster than the State's population. On June 30, 1993, 36,580 employees were funded by the State's Budgetary General Fund—7,887 fewer than the legal limit.

g. Inequality of Residual Equity Transfers

The Residual Equity Transfers In recorded in the Other Budgeted Funds resulted from budgeting certain previously unbudgeted activities for the first time. Corresponding Residual Equity Transfers Out were recorded in unbudgeted funds which are not displayed on the Combined Statement of Revenues,

Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis).

h. Resources Budgeted As Nonrecurring

For the fiscal year ended June 30, 1993, the State's final budget categorized \$122.962 million of Budgetary General Fund resources as being of a nonrecurring nature. This amount included \$97.962 million reported within Revenues as Nonrecurring (Low-Level Radioactive Waste Access Fee and Other) and \$25.000 million reported as Operating Transfers In. In addition to low-level radioactive waste access fee increases and the transfer from Other Budgeted Funds, these items include amounts associated with changes in the legally-established collection schedules for certain licenses, certain Medicaid revenues, and initial accruals of certain taxes as explained above in part b, "Budgetary Basis of Accounting."

i. Reconciliation of Budget/GAAP Reporting Differences

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual (Budgetary Basis)—All Budgeted Funds presents comparisons of the State's legally adopted budget with actual data on the budgetary basis of accounting. Budgetary accounting principles, however, differ significantly from GAAP accounting principles. These different accounting principles result in basis, perspective, entity, and timing differences in the excess of revenues and other sources of financial resources over (under) expenditures and other uses of financial resources. These differences (expressed in thousands) for the fiscal year ended June 30, 1993, were:

Notes to the Financial Statements

	Financial Statement Fund Types										Totals (Memo- randum Only)
	General	Special Revenue	Capital Projects	Enter- prise	Internal Service	Expend- able Trust	Non- expend- able Trust	Pension Trust	Agency	Higher Educa- tion	
Classification of budgetary excess of revenues and other sources over (under) expenditures and other uses into GAAP fund structure:											
Budgetary General Fund.....	\$ 151,355	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 151,355
Other Budgeted Funds.....	(10,229)	(51,780)	1,198	(3,577)	1,314	30	68	—	1,260	17,822	(43,894)
Totals	141,126	(51,780)	1,198	(3,577)	1,314	30	68	—	1,260	17,822	107,461
Timing Differences.....	—	—	—	—	—	—	—	—	—	1,344	1,344
Basis Differences.....	(29,481)	72,342	1,789	19,979	957	7	—	—	(1,260)	1,910	66,243
To record excess of revenues and other sources over (under) expenditures/expenses and other uses for unbudgeted accounts.....	4,523	(17,456)	4,245	28,001	17,247	23,303	54	1,043,240	—	116,125	1,219,282
GAAP financial statement excess of revenues and other sources over expenditures/expenses and other uses.....	\$ 116,168	\$ 3,106	\$ 7,232	\$ 44,403	\$ 19,518	\$ 23,340	\$ 122	\$ 1,043,240	\$ —	\$ 137,201	\$ 1,394,330

NOTE 3: DEPOSITS AND INVESTMENTS

By law, all deposits and investments are under the control of the State Treasurer except for those which by specific authority are under the control of other component units, primarily the Public Service Authority.

The following display reconciles the details included within this footnote to the Combined Balance Sheet at June 30, 1993 (expressed in thousands):

Combined Balance Sheet

Cash and cash equivalents.....	\$ 2,574,889
Investments.....	11,091,339
Restricted assets:	
Cash and cash equivalents.....	372,620
Investments.....	654,446
Total.....	\$ 14,693,294

Disclosure regarding deposits and investments plus reconciling items

Carrying value of deposits.....	\$ 278,216
Carrying value of investments.....	14,413,681
Cash on hand.....	1,397
Total.....	\$ 14,693,294

a. Deposits

Deposits include cash and cash equivalents on deposit in banks and non-negotiable certificates of deposit. At June 30, 1993, the carrying amount of the State's deposits was \$278.2 million with corresponding bank balances of \$383.0 million. Of the bank balance, \$292.4 million was covered by Federal depository insurance or by collateral held by the State or by its agent in the State's name, \$7.0 million was collateralized with securities held by the pledging financial institution's trust department or agent in the State's name, and \$83.6 million was uncollateralized. All deposits under the control of the State Treasurer are fully insured or collateralized.

b. Investments

Legally authorized investments vary by fund, but generally include obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds.

For the fiscal year ended June 30, 1993, the State has classified its investments into three risk categories. Category 1 includes investments that were insured or registered or for which the securities were held by the State or its agent in the State's name and investments for which the State has safekeeping responsibilities but no equity or ownership interest or control. Category 2 includes uninsured and unregistered investments for which the securities

Notes to the Financial Statements

were held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust

department or agent but not in the State's name. The State's investments by risk category (expressed in thousands) at June 30, 1993, were:

	Category			Carrying Value	Market Value
	1	2	3		
U.S. government securities.....	\$ 6,057,735	\$ 170,769	\$ 24,458	\$ 6,252,962	\$ 7,285,001
Corporate bonds.....	4,085,904	13,354	—	4,099,258	4,538,647
Repurchase agreements.....	1,482,910	—	13,352	1,496,262	1,496,262
Commercial paper.....	147,671	—	—	147,671	147,906
Other.....	10,956	20,448	6,311	37,715	45,499
Totals and subtotals.....	\$ 11,785,176	\$ 204,571	\$ 44,121	12,033,868	13,513,315
Deferred compensation plans—annuity contracts.....				588,655	588,655
Securities loan program— U.S. government securities.....				1,440,156	1,806,301
Unsettled investment transactions.....				338,995	338,995
Mutual funds.....				12,007	13,351
Totals.....				\$ 14,413,681	\$ 16,260,617

c. Securities Loan Program

Through a safekeeping agent, the State lends securities for a fee from its investment portfolio on a collateralized basis to third parties, primarily financial institutions. The market value of the required collateral must meet or exceed 102% of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral. Securities loaned and securities taken as collateral are all book-entry securities which are substantially similar in type, rate, and maturity for each transaction. Under this program, the State may demand return within twenty-four hours of any security previously loaned. At June 30, 1993, the State had the following amounts of securities (expressed in thousands) on loan under this program:

Description	Carrying Value
Pooled account	\$ 25,942
South Carolina Retirement System	1,238,114
Police Officers' Retirement System.....	176,100
Total	\$1,440,156

NOTE 4: TAXES RECEIVABLE

Taxes receivable (expressed in thousands) at June 30, 1993, were:

	General Fund	Special Revenue Funds	Trust and Agency Funds
Retail sales and use.....	\$ 117,464	\$ 36,248	\$ —
Individual income.....	94,692	—	—
Corporate income.....	1,877	—	—
Unemployment.....	—	—	41,585
Gasoline and motor vehicle.....	2,269	32,284	—
Alcoholic beverages and tobacco.....	13,103	—	—
Other.....	8,102	1,540	—
Gross taxes receivable.....	237,507	70,072	41,585
Less: Allowance for uncollectible taxes.....	23,729	1,545	201
Net taxes receivable.....	\$ 213,778	\$ 68,527	\$ 41,384

Approximately \$247 million of net taxes receivable pertaining to the General Fund and Special Revenue Funds were current receivables as of June 30, 1993, and were collected within thirty days after that date.

Notes to the Financial Statements

NOTE 5: FIXED ASSETS

Property, plant, and equipment (expressed in thousands) at June 30, 1993, consisted of:

	Enter- prise	Internal Service	Trust and Agency	General Fixed Assets	Higher Educa- tion
Land and im- provements.....	\$ 175,119	\$ 4,791	\$ 583	\$ 150,549	\$ 95,088
Buildings, im- provements, and utility plant.....	2,676,171	119,028	4,576	746,323	1,363,724
Machinery, equipment, and other.....	47,171	92,205	23	748,103	721,258
Construction in progress.....	330,352	8,478	—	139,824	138,671
Property, plant, and equipment before accum- ulated de- preciation.....	3,228,813	224,502	5,182	1,784,799	2,318,741
Less: accum- ulated de- preciation.....	877,990	99,520	94	—	—
Total property, plant, and equipment, net.....	\$ 2,350,823	\$ 124,982	\$ 5,088	\$ 1,784,799	\$ 2,318,741

Changes in general fixed assets (expressed in thousands) for the year ended June 30, 1993, were:

	Balance July 1, 1992	Addi- tions	Retire- ments	Balance June 30, 1993
Land and improve- ments.....	\$ 147,687	\$ 2,923	\$ 61	\$ 150,549
Buildings, improve- ments, and utility plant.....	722,032	25,053	762	746,323
Machinery, equip- ment, and other.....	716,518	60,653	29,068	748,103
Construction in pro- gress.....	87,351	80,089	27,616	139,824
Total General Fixed Assets.....	\$ 1,673,588	\$ 168,718	\$ 57,507	\$ 1,784,799

Construction in progress retirements are recorded as additions to other categories of assets.

Outstanding construction commitments at June 30, 1993, totaled \$484.0 million.

NOTE 6: RETIREMENT PLANS

a. Plan Descriptions

The Retirement Division of the State Budget and Control Board maintains four defined benefit retirement systems: the South Carolina Retirement System (SCRS), the South Carolina Police Officers' Retirement System (PORS), the Retirement System for Members of the General Assembly of the State of

South Carolina (GARS), and the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS). These systems publish their own Component Unit Financial Report. In addition, the State Adjutant General's Office administers the National Guard Pension System (NGPS), a defined benefit retirement system.

The systems provide retirement, death, and disability benefits to State employees; public school employees; employees of counties, municipalities, and certain other State political subdivisions; and National Guard members who served in South Carolina. Each system is independent. Assets may not be transferred from one system to another or used for any purpose other than to benefit each system's participants.

The number of participating employers, the average number of contributing members, and annual payroll amounts (dollars expressed in thousands) for each system for the year ended June 30, 1993, were:

	SCRS	PORS	GARS	JSRS	NGPS
Number of employers:					
State and schools.....	106	1	1	1	1
Other.....	455	234	—	—	—
Average number of con- tributing members:					
State employees.....	66,745	8,793	170	113	—
School employees.....	77,540	—	—	—	—
Other employees.....	37,475	9,253	—	—	—
Covered payroll:					
State.....	\$1,653,072	\$195,179	\$2,380	\$9,420	\$ —
Schools.....	1,721,526	—	—	—	—
National Guard.....	—	—	—	—	48,385
Other.....	702,649	215,102	—	—	—
Total payroll (covered and noncovered):					
State.....	1,882,698	197,174	2,380	9,420	—
National Guard.....	—	—	—	—	48,385

Information regarding membership in the systems at July 1, 1992 (latest available data), was:

	SCRS	PORS	GARS	JSRS	NGPS
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.....	156,273	8,275	256	75	2,576
Fully vested active employees..	103,753	7,926	51	52	2,464
Nonvested active employees....	64,999	9,540	161	58	10,603
Total active employees.....	168,752	17,466	212	110	13,067
Total participants.....	325,025	25,741	468	185	15,643

b. Funding and Benefit Policies

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976 (as amended) prescribes requirements relating to membership, benefits, and employee/employer contributions for each system. The following paragraphs summarize those requirements.

SCRS is a cost-sharing multiple-employer pension system that benefits employees of public

Notes to the Financial Statements

schools, the State, and its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Benefits vest after five years of service. Vested members who retire at age sixty-five or with thirty years of service at any age receive an annual benefit, payable monthly for life. The benefit is based on length of service and average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. The annual benefit amount is 1.82% of average final compensation times years of service. Reduced benefits are payable as early as age fifty-five.

PORS is a cost-sharing multiple-employer pension system that benefits police officers and fire fighters employed by the State or its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Benefits vest after five years of service. Vested members who retire with twenty-five years of service receive an annual benefit, payable monthly for life. The benefit is based on length of service and average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. The annual benefit amount is 2.14% of average final compensation times years of service.

GARS is a single-employer defined benefit pension system that benefits members of the South Carolina General Assembly. Membership is required as a condition of taking office as a member of the General Assembly. Both the members of the General Assembly and the State must contribute. Benefits vest after eight years of service. Vested members who retire at age sixty or at any age with thirty years of service receive an annual benefit, payable monthly for life. The annual benefit amount is 4.82% of earnable compensation times years of service. Earnable compensation is defined as forty days' pay at the rate currently paid to members of the General Assembly plus \$3,600.

JSRS is a single-employer defined benefit pension system that benefits the judges of the State's Supreme Court, Court of Appeals, circuit courts, family courts, and the State's circuit solicitors. Membership is required as a condition of taking office as a judge in these courts. Both judges and the State must contribute. Benefits vest after twelve years of service in a position as a judge or solicitor. Members may retire at age seventy with fifteen years of service, at age sixty-five with twenty years of service, or at any age with twenty-five years of service. Members receive a retirement benefit equal to 71.3% of the current active salary of the position occupied at retirement.

NGPS is a single-employer defined benefit pension system that provides benefits to National Guard members who served in South Carolina. National Guard members are considered to be Federal government employees. The Federal government pays Guard members' drill pay and summer camp pay. In accordance with State law, the State's General Fund pays Guard members only if the governor activates the National Guard for service to the State. The pension benefit that the State provides is intended only to supplement the retirement benefit that Guard members receive from the Federal

government. Members who retire at age sixty with twenty years of military service, including at least fifteen years, ten of which immediately precede retirement, of South Carolina National Guard duty and who have received an honorable discharge, are entitled to monthly pension benefits. The pension amount is equal to \$50 per month for twenty years of creditable service with an additional \$5 per month for each additional year of service, provided that the total pension shall not exceed \$100 per month. Members do not contribute to the system, and the State does not fund the system on an actuarial basis. Instead, the State pays benefits to retirees from currently available resources on a pay-as-you-go basis.

c. Funding Status and Progress

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits (adjusted for the effects of projected salary increases and step-rate benefits) estimated to be payable in the future as a result of employee service to date. The State discloses this measure to help users of these financial statements to: (1) assess the systems' funding status on a going-concern basis, (2) assess progress toward accumulating sufficient assets to pay benefits when due, and (3) compare various public employee retirement systems and employers. The measure is the actuarial present value of credited projected benefits. This method is independent of the funding methods the State's consulting actuary uses to determine contributions to the systems.

Significant actuarial assumptions used to compute the pension benefit obligation at July 1, 1992 (latest available data), were:

	SCRS	PORS	GARS	JSRS	NGPS
Annual interest rate (compounded annually).....	8.0%	8.0%	8.0%	8.0%	8.0%
Inflation.....	5.0%	5.0%	5.0%	5.0%	*
Merit or seniority increases.....	1.5%	2.5%	1.0%	1.5%	*
Post-retirement benefit increases.....	4.0%	4.0%	0.0%	4.0%	*

* Not applicable

The annual interest rate assumption for all plans is 8.0%. Salary scales for SCRS and PORS are graded based on age. The above figures are representative of those scales. Projected rates of separation due to withdrawal, death, service retirement, and disability are based on experience of the systems.

Neither SCRS nor PORS separately measures assets and pension benefit obligations for individual employers. The total unfunded pension benefit obligation for each system (expressed in thousands) at July 1, 1992 (latest available data), was:

Notes to the Financial Statements

	SCRS	PORS	GARS	JSRS	NGPS	Totals
Pension benefit obligation:						
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits.....	\$ 4,838,900	\$ 411,400	\$ 14,300	\$ 37,100	\$ 15,581	\$ 5,317,281
Current employees--						
Accumulated employee contributions including allocated investment earnings.....	2,108,900	164,700	5,100	7,100	—	2,285,800
Employer-financed vested.....	1,107,300	125,100	3,700	12,300	5,460	1,253,860
Employer-financed nonvested.....	3,496,400	318,700	5,500	4,600	2,259	3,827,459
Total pension benefit obligation.....	11,551,500	1,019,900	28,600	61,100	23,300	12,684,400
Net assets available for benefits, at cost.....	8,472,300	870,600	24,800	41,400	—	9,409,100
Unfunded pension benefit obligation.....	\$ 3,079,200	\$ 149,300	\$ 3,800	\$ 19,700	\$ 23,300	\$ 3,275,300
 Net assets available for benefits, at market.....	 \$ 9,412,000	 \$ 963,300	 \$ 26,400	 \$ 44,600	 \$ —	 \$ 10,446,300

d. Contributions Required and Contributions Made

For the fiscal year ended June 30, 1993, the State's consulting actuary determined required employer contributions for all five systems. The systems use the projected benefit method with entry age normal cost and open-end unfunded accrued liability for this purpose. The actuary determines the actuarial present value of total benefits and allocates pension cost to each year as a level percentage of salary. In determining funding requirements, the actuary uses the same actuarial assumptions as those used to calculate the pension benefit obligation, with the following exceptions: (1) Post-retirement benefit increases were projected only for retired members and members eligible to retire under SCRS and PORS. (2) Net assets attributable to the SCRS and PORS group life insurance and the PORS accidental death programs were excluded. At July 1, 1992 (latest available data), the unfunded accrued liability liquidation periods in years were:

SCRS	PORS	GARS	JSRS	NGPS
29	10	14	23	30

The actuarially determined contribution requirements, as percentages of compensation, for the fiscal year ended June 30, 1993, were:

	Normal Cost	Unfunded Accrued Liability	Accidental Death Program	Group Life Insurance Program	Total
SCRS--State and schools.....	9.93%	3.62%	—	0.15%	13.70%
SCRS--other.....	9.93%	2.77%	—	0.15%	12.85%
PORS.....	14.09%	2.71%	0.20%	0.20%	17.20%
GARS.....	41.25%	20.57%	—	0.24%	62.06%
JSRS.....	30.46%	17.19%	—	0.86%	48.51%
NGPS.....	0.81%	4.35%	—	—	5.16%

The State's contribution requirements represented 41% of contributions required of all employers

participating in SCRS and 48% of contributions required of all employers participating in PORS.

The State's actuarially determined contribution requirements (expressed in thousands) for the fiscal year ended June 30, 1993, were:

	Normal Cost	Unfunded Accrued Liability	Accidental Death Program	Group Life Insurance Program	Total
SCRS--State and schools.....	\$ 335,098	\$ 122,160	\$ —	\$ 5,181	\$ 462,439
SCRS--other.....	69,773	19,463	—	967	90,203
PORS.....	57,809	11,119	777	796	70,501
GARS.....	982	490	—	6	1,478
JSRS.....	2,869	1,619	—	81	4,569
NGPS.....	394	2,105	—	—	2,499

Employees do not contribute to NGPS. By law, employee contribution requirements for the other systems for the fiscal year ended June 30, 1993, were:

SCRS	6% of salary
PORS	6.5% of salary
GARS	10% of earnable compensation
JSRS	7% of salary

Actual contributions (expressed in thousands) for the fiscal year ended June 30, 1993, were:

	Employer Contributions	Percent of Covered Payroll	Employee Contributions	Percent of Covered Payroll
SCRS--State.....	\$ 130,603	7.9%	\$ 104,593	6.3%
SCRS--schools.....	133,028	7.7%	109,027	6.3%
SCRS--other.....	49,150	7.0%	44,113	6.3%
PORS--State.....	21,360	10.9%	14,087	7.2%
PORS--other.....	23,393	10.9%	15,096	7.0%
GARS.....	1,239	52.1%	375	15.7%
JSRS.....	3,910	41.5%	1,023	10.9%
NGPS.....	1,170	2.4%	—	—
Totals.....	\$ 363,853		\$ 288,314	

The actuarially determined contribution requirement for the NGPS was \$2.499 million

Notes to the Financial Statements

whereas actual contributions were \$1.170 million. As a result, the State has recorded an additional liability of \$1.329 million in the General Long-Term Obligation Account Group.

e. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The South Carolina Retirement Systems' Component Unit Financial Report for the fiscal year ended June 30, 1993, presents ten-year historical trend information for all systems except NGPS. For NGPS, this information is presented at the end of the Financial Section of this report. An analysis of funding progress for the three latest available years is:

	SCRS	PORS	GARS	JSRS	NGPS
Net assets available for benefits as a percentage of the pension benefit obligation					
July 1, 1992.....	73.3%	85.4%	86.9%	67.8%	0.0%
July 1, 1991.....	71.8%	83.2%	85.0%	63.8%	0.0%
July 1, 1990.....	71.7%	82.4%	81.0%	58.7%	0.0%
Unfunded pension benefit obligation as a percentage of annual covered payroll					
July 1, 1992.....	81.2%	38.2%	126.7%	221.0%	48.2%
July 1, 1991.....	81.4%	41.3%	145.6%	248.0%	39.6%
July 1, 1990.....	77.0%	40.0%	178.9%	280.0%	38.5%
State employer contributions as a percentage of annual covered payroll					
June 30, 1993.....	7.7%	10.9%	52.1%	41.5%	2.4%
June 30, 1992.....	7.7%	10.9%	48.2%	41.5%	2.1%
June 30, 1991.....	7.7%	11.6%	43.1%	40.9%	1.9%

For the years shown above and for all systems except the NGPS, the State's contributions to the systems met the actuarially determined requirements. Employer contributions for NGPS are equal to benefits paid during the year. The NGPS operates on a pay-as-you-go basis and does not meet the actuarially determined requirements. The State plans to begin funding the plan on an actuarial basis, however, as of July 1, 1993.

f. Supplemental Benefits Funded by General Fund

The State General Assembly has directed the General Fund to pay supplemental (cost-of-living) increases to retirees and fully funds the required amount annually on a pay-as-you-go basis. During the fiscal year ended June 30, 1993, the State's General Fund transferred \$7.5 million to the South Carolina Retirement System and the Police Officers' Retirement System for retiree supplemental benefits.

g. Defined Contribution Plan

Certain State employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17 of the South Carolina Code

of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is limited to faculty and administrative staff of the State's four-year higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS (see "Contributions Required and Contributions Made," Section d of this note). For the fiscal year ended June 30, 1993, the State's total payroll was \$2.092 billion, and the covered payroll for the ORP was \$79.2 million. For the fiscal year ended June 30, 1993, employer and employee contributions of \$6.0 million and \$4.8 million, respectively, represented 7.55% and 6.0% of total covered payroll, respectively.

h. Retirement Incentive

Recent legislation allows (but does not require) employers participating in the SCRS and/or PORS to offer a one-time lump-sum retirement incentive payment to certain employees. Employees of participating employers are eligible for the payment only if they: (1) meet normal criteria to retire under the SCRS or PORS, (2) execute a voluntary, irrevocable election during the period August 1 through November 1, 1993, and (3) retire no later than July 1, 1994. The incentive payment is 25% of the employee's budgeted base annual salary or \$7,500, whichever is greater at the time of retirement. The employer must pay the incentive by the end of the fiscal quarter following the quarter during which the employee retired.

Subsequent to June 30, 1993, some State agencies elected to participate in this program. Participating State agencies must adopt resolutions agreeing to be liable for funding any costs associated with the incentives. The State estimates that ultimately it will disburse approximately \$18 million to its retiring employees in the form of lump-sum payments under this program.

NOTE 7: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State provides post-employment health and dental benefits to its employees who retire with 30 years of service or at age 60 with at least 20 years of service and to

Notes to the Financial Statements

certain surviving dependents of retirees. Currently, approximately 15,800 retirees meet these eligibility requirements.

Eligible retirees choose between two health insurance plans underwritten by the State, the Economy Plan and the Standard Plan. In accordance with contractual provisions of the plans, participants must meet specified annual deductible requirements. Thereafter, the Standard Plan pays 85% of allowable claims, and the Economy Plan pays 80% of allowable claims. The State pays 100% of allowable claims, however, after the participant has paid the annual out-of-pocket limit prescribed by each plan. Both plans disallow claims in excess of specified annual and lifetime maximums. In addition, State health benefits are reduced if the participant receives or qualifies to receive Medicare benefits.

The State also underwrites a dental care plan. Contractual provisions of the plan specify deductible requirements as well as annual and lifetime maximums.

Both health plans and the dental plan are financed on a pay-as-you-go basis. During the fiscal year ended June 30, 1993, the State recognized expenses (net of participant contributions) of \$27.9 million to provide health and dental benefits to State participants in post-employment status.

withdraw the current value of their contributions prior to termination of employment if they meet certain requirements. These requirements differ among the three plans. Compensation deferred under the Section 401(k) and 403(b) plans is placed in trust for the contributing employees. The State has no liability for losses under the plans.

Under the Section 457 plan, all deferred compensation, all property or rights of property purchased with amounts deferred, and any income earned on property purchased remain assets of the employers subject to the claims of the employers' general creditors, one of whom is the employee participant. It is unlikely, however, that the State would ever use plan assets to satisfy claims of the State's general creditors. State law limits the State's financial liability to participants. The State, however, does have the duty of due care that would be required of an ordinary prudent investor. Of the \$460.5 million assets in the Section 457 plan at December 31, 1992, \$246.7 million was applicable to the State while the remaining, \$213.8 million represented assets of other participating jurisdictions.

NOTE 8: DEFERRED COMPENSATION PLANS

Several optional deferred compensation plans are available to State employees and employees of its political subdivisions. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are accounted for as Agency Funds. Employees may withdraw the current value of their contributions when they terminate employment. With approval of the State's Deferred Compensation Commission, employees may also

NOTE 9: LEASES AND INSTALLMENT PURCHASES

a. Lease and Installment Purchase Commitments

The State leases land, office facilities, equipment, and other assets under both capital and operating leases. In addition, the State purchases some assets on the installment plan. The present value of future minimum capital lease and installment purchase payments and minimum annual lease payments for operating leases, capital leases, and installment purchases (expressed in thousands) follow:

Fiscal Year Ending June 30	Capital Leases and Installment Purchases					Operating Leases
	Enterprise Funds	Internal Service Funds	Long-Term Obligations Account Group	Higher Education Funds		
1994	\$ 6,622	\$ 7,158	\$ 1,770	\$ 2,652	\$ 22,669	
1995	5,299	4,464	1,382	2,540	18,448	
1996	5,297	4,481	1,151	1,867	15,616	
1997	5,299	4,498	362	1,425	12,173	
1998	5,601	4,507	164	1,195	5,389	
1999 and after	51,608	39,727	—	12,122	19,236	
Total minimum payments.....	79,726	64,835	4,829	21,801	\$ 93,531	
Less: interest and executory costs.....	21,982	24,860	898	8,633		
Present value of net minimum payments.....	\$ 57,744	\$ 39,975	\$ 3,931	\$ 13,168		

Notes to the Financial Statements

Operating lease payments during the fiscal year ended June 30, 1993, totaled \$45.3 million.

b. Facilities Leased to Others

Non-State parties lease certain land and facilities from the South Carolina Ports Authority (Ports Authority), an Enterprise Fund, under operating leases. At June 30, 1993, the Ports Authority had leased to others land and facilities costing approximately \$130.3 million with \$54.3 million of related accumulated depreciation. Future minimum payments and rent receipts at June 30, 1993, under these operating leases (expressed in thousands) were:

Fiscal Year Ending June 30	Amount
1994	\$ 7,824
1995	7,389
1996	4,432
1997	3,324
1998	1,845
1999 and after	1,924
Total	\$ 26,738

NOTE 10: BONDS, NOTES, AND CERTIFICATES OF PARTICIPATION PAYABLE

a. General Obligation Bonds

General obligation bonds are backed by the full faith, credit, and taxing power of the State. General obligation bonds (expressed in thousands) outstanding at June 30, 1993, were:

General Long-Term Obligations Account

Group

Capital improvement bonds, 4.63% to 8.50%..... \$ 840,795

Higher Education Funds

State institution bonds, 4.10% to 7.50%..... 43,230

Totals—general obligation bonds payable..... \$ 884,025

At June 30, 1993, \$254.1 million of capital improvement bonds were authorized but unissued.

The State must pay the debt service on \$7.0 million of its capital improvement bonds outstanding at June 30, 1993, from State income tax revenues, which revenues are deemed sufficient to pay both principal and interest on the bonds. Unspecified General Fund revenues secure all other general obligation bonds outstanding.

At June 30, 1993, future debt service requirements (expressed in thousands) for general obligation bonds were:

Fiscal Year Ending June 30	Principal	Interest	Totals
1994	\$ 83,395	\$ 54,600	\$ 137,995
1995	82,735	49,096	131,831
1996	74,165	43,728	117,893
1997	79,425	38,833	118,258
1998	82,450	33,815	116,265
1999 and after	481,855	132,492	614,347
Totals	\$ 884,025	\$ 352,564	\$ 1,236,589

The General Fund pays all debt service for general obligation bonds recorded in the General Long-Term Obligations Account Group. The Higher Education Plant Funds (Retirement of Indebtedness) pay the debt service for general obligation bonds recorded in the Higher Education Funds.

The State's legal debt margin at June 30, 1993, was \$150.0 million for highway bonds and \$16.8 million for institution bonds.

Rather than directly limiting the amount of outstanding debt, State law imposes a limitation on annual debt service expenditures. The legal annual debt service margin at June 30, 1993, for other general obligation bonds was \$14.4 million.

Notes to the Financial Statements

b. Revenue Bonds, Notes, and Certificates of Participation

Revenue bonds, notes, and certificates of participation are not backed by the full faith, credit, and taxing power of the State. Revenue bonds, notes, and certificates of participation outstanding (expressed in thousands) at June 30, 1993, were:

	Bonds	Notes	Certificates of Participation
Enterprise Funds			
Public Service Authority priority obligations, 2.70% to 4.10%.....	\$ 47,245	\$ —	\$ —
Public Service Authority electric system expansion revenue bonds, 5.00% to 9.10%.....	1,496,997	—	—
Public Service Authority electric revenue bonds, 5.00% to 7.75%.....	982,230	—	—
Housing Authority bonds, 3.50% to 13.25%.....	589,360	—	—
Education Assistance Authority bonds, 4.75% to 8.60%.....	268,455	—	—
Ports Authority bonds, 5.00% to 6.75%.....	64,693	—	—
Research Authority notes, 5.10% to 7.70%.....	—	10,146	—
Other Enterprise notes, 6.00% to 7.00%.....	—	3,920	—
Totals—Enterprise Funds.....	3,448,980	14,066	—
Higher Education Funds			
Various bonds and notes, 2.60% to 10.50%.....	231,000	19,484	—
Certificates of participation, 5.60% to 7.50%.....	—	—	19,335
Totals—Higher Education Funds.....	231,000	19,484	19,335
Totals—revenue bonds, notes, and certificates of participation.....	\$3,679,980	\$33,550	\$ 19,335

The State has recorded its revenue bonds payable net of \$50.825 million in unamortized premiums/discounts.

Certain revenue bonds require the individual enterprises to provide sufficient revenue to pay debt service and to fund all necessary expenses to run the enterprises.

At June 30, 1993, there was no revenue debt authorized but unissued.

At June 30, 1993, the State also owed the United States government \$10.076 million for construction of the Trotters Shoals Lake Project. This obligation is included in Other Liabilities in the General Long-Term Obligations Account Group. During the fiscal year ended June 30, 1993, retirements on this debt totaled \$32 thousand.

The funds that receive the proceeds of bonds, notes, and certificates of participation have pledged revenues for payment of debt service as follows:

Enterprise Funds

Public Service Authority obligations: Public Service Authority Fund revenues
 State Housing Authority bonds: State Housing Authority Fund revenues
 Education Assistance Authority bonds: loan repayments and United States Commissioner of Education funds (State Education Assistance Authority and Student Loan Corporation Fund)
 State Ports Authority bonds: State Ports Authority Fund revenues

Higher Education Funds

Various higher education bonds, notes, and certificates of participation: various specific higher education revenues

The Research Authority notes included in the Enterprise Funds are collateralized by buildings and equipment.

At June 30, 1993, future debt service requirements (expressed in thousands) for revenue bonds, notes, and certificates of participation were:

Fiscal Year Ending June 30	Principal	Interest	Totals
1994	\$ 124,856	\$ 213,508	\$ 338,364
1995	91,672	207,730	299,402
1996	106,437	212,914	319,351
1997	91,976	217,979	309,955
1998	98,556	223,242	321,798
1999 and after	3,270,193	3,367,558	6,637,751
Totals	\$ 3,783,690	\$ 4,442,931	\$ 8,226,621

The Public Service Authority is reported in the State's Enterprise Funds. The Authority's fiscal year ends December 31. At December 31, 1992, the carrying value of the Authority's debt was \$2.5 billion while the fair value was approximately \$2.8 billion. The fair value was estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Authority for debt with the same remaining maturities.

c. Defeased Bonds

During its fiscal year ended December 31, 1992, the Public Service Authority, an agency reported in the Enterprise Funds, issued \$168.545 million in Refunding Revenue Bonds with an average interest rate of 5.58% to advance refund \$158.795 million in Electric System Expansion Revenue Bonds with an average interest rate of 7.90%. The net proceeds of \$158.845 million (after payment of \$2.000 million in original issue discount and \$7.700 million in issuance costs and reserve requirements) plus an additional \$11.400 million were used to purchase United States government securities. The Authority advance refunded these bonds to reduce its total debt service payments over the next twenty-nine years by approximately \$28.597 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$10.268 million. Because the Authority is a regulated utility, it amortizes gains or losses on refunding debt issues over the life of the

Notes to the Financial Statements

new issues rather than recognizing such gains or losses as extraordinary items at the date of refunding.

During August 1992, the College of Charleston, an institution reported in the Higher Education Funds, issued \$8.535 million in Facilities Improvement Refunding Bonds with an average interest rate of 5.54% to advance refund \$7.800 million in Facilities Improvement Bonds with an average interest rate of 7.93%. The net proceeds of \$7.507 million (after payment of \$1.028 million in issuance costs and reserve requirements) plus an additional \$1.340 million in excess debt service funds were used to purchase United States government securities. The College advance refunded these bonds to reduce its total debt service payments over the next fifteen years by approximately \$1.013 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$379 thousand.

During October 1992, the College of Charleston also issued \$20.010 million in Housing and Auxiliary Facilities Revenue Refunding Bonds with an average interest rate of 5.61% to advance refund \$18.284 million in Student and Faculty Housing Bonds, Parking Facilities Bonds, Cafeteria Bonds and Dormitory Revenue Bonds with an average interest rate of 7.24%. The net proceeds of \$19.358 million (after payment of \$0.300 million in original issue discount and \$0.352 million in issuance costs) plus an additional \$1.325 million in excess debt service funds were used to purchase United States government securities. The College advance refunded these bonds to reduce its total debt service payments over the next fifteen years by approximately \$2.854 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1.461 million.

In addition, during the current and prior years the State defeased certain general obligation and other bonds. For those defeasances involving advance refundings, the proceeds of the new bonds were placed in irrevocable trusts to provide for all future debt service payments on the old bonds. At June 30, 1993, the following outstanding bonds (expressed in thousands) are considered defeased:

	Enterprise Funds	General Long-Term Obligations Account Group	Higher Education Funds
Capital improvement bonds.....	\$ —	\$ 56,000	\$ —
Public Service Authority bonds.....	477,695	—	—
Ports Authority bonds....	22,470	—	—
Other.....	—	—	99,669
Totals.....	\$ 500,165	\$ 56,000	\$ 99,669

Since adequate funds have been placed with a trustee to pay fully the principal and interest of these bonds, the liabilities are not recorded in these financial statements.

d. No-Commitment Debt

State law authorizes issuance of certain bonds for which the State assumes no responsibility for repayment. These bonds, therefore, do not appear as liabilities in the accompanying financial statements. These bonds provide low-cost capital financing for construction of private facilities deemed to be in the public interest. The State's no-commitment debt includes industrial development bonds, pollution control bonds, airport bonds, educational facilities bonds, certain State Housing Finance and Development Authority Multi-Family Bonds issued since 1985, bonds of the South Carolina Resources Authority, and debt issued by certain other State component units.

e. Commercial Paper Notes

The \$121.75 million of Commercial Paper Notes in the Enterprise Funds was issued by the Public Service Authority. The Authority has a \$150 million revolving credit agreement to support the issuance of commercial paper.

f. Patriots Point Development Authority Bonds

In past years, the State's Enterprise Funds included \$21.0 million of Patriots Point Development Authority Bonds on which the Authority had defaulted. The bonds were secured by the revenue of a planned hotel and marina complex, but construction had been halted, and the developer was in bankruptcy.

As a result, the Authority was a codefendant in several lawsuits. The plaintiffs included holders of the Authority's bonds and contractors associated with the suspended construction project. In November 1992, the parties reached a final settlement agreement, and in December 1992, the court authorized distribution of settlement funds. The Authority's disbursements in December 1992 satisfied \$29.756 million of its liabilities, including the remaining balance of the bonds and related accrued interest payable. Also as a result of the settlement, the Construction In Progress account was reduced to reflect the project assets at \$5 million, their estimated net realizable value. These settlement transactions resulted in the extraordinary gain described in Note 16.

In December 1992, the Authority received \$6 million under an unsecured, interest-free interfund note. The purpose of this note, which matures in December 1995, was to facilitate the Authority's participation in the court-approved settlement and to allow adequate protection and maintenance of the construction project's facilities.

Current law prohibits the Authority from issuing revenue bonds, but it may issue negotiable notes.

g. Issues Subsequent to June 30, 1993

Since July 1, 1993, the State has issued approximately \$1.46 billion of bonds. Of this amount, \$1.30 billion of bonds were issued to advance refund prior issues. The State also plans to issue bonds and notes totaling approximately

Notes to the Financial Statements

\$22 million in December 1993. Of this amount, \$17 million of bonds will be issued to advance refund prior issues.

NOTE 11: CHANGES IN GENERAL LONG-TERM OBLIGATIONS

Changes in general long-term obligations (expressed in thousands) for the fiscal year ended June 30, 1993, were:

	Balances at July 1, 1992	Increases	Decreases	Balances at June 30, 1993
Accounts payable and accrued li- abilities.....	\$ 6,110	\$ 2,109	\$ (6,551)	\$ 1,668
Insurance claims incurred but not reported.....	3,308	2,836	(1,842)	4,302
Notes payable.....	31,350	—	(31,350)	—
General obligation bonds payable.....	800,385	110,000	(69,590)	840,795
Capital lease and installment debt obligations pay- able.....	2,932	4,358	(3,359)	3,931
Compensated ab- sences payable...	116,682	66,309	(62,365)	120,626
Other liabilities.....	21,034	16,914	(5,854)	32,094
Totals.....	\$ 981,801	\$ 202,526	\$ (180,911)	\$ 1,003,416

The Accounts Payable and Accrued Liabilities, Insurance Claims Incurred but not Reported, and the majority of the Other Liabilities consist of claims and judgments payable. Other Liabilities also includes the excess of the actuarially required contributions over actual contributions for the National Guard Pension System.

NOTE 12: INTERFUND BALANCES

a. Interfund Assets and Liabilities

Interfund assets and liabilities (expressed in thousands) for each individual fund at June 30, 1993, were:

Fund Type/Fund	Due From	Due To	Interfund Receivables	Interfund Payables	Advances To	Advances From
General						
General Fund.....	\$ 18,503	\$ 51,611	\$ 4,084	\$ 737	\$ 13,548	\$ 8,131
Less: eliminations.....	(17,062)	(17,062)	—	—	—	—
Adjusted General Fund.....	1,441	34,549	4,084	737	13,548	8,131
Special Revenue						
Departmental General Operating Fund.....	19,851	18,493	360	302	—	281
Education Improvement Act Fund.....	870	1,230	—	426	—	—
Repair, Maintenance, and Renovation Fund.....	1,830	14	—	500	—	—
Waste Management Fund.....	1,767	148	—	—	—	—
Highway Department Special Revenue Fund.....	32,123	10,596	—	—	6,988	—
Water Recreation Resources Fund.....	96	5	—	—	—	—
Employment Security Assessment Fund.....	—	793	—	—	—	—
Accommodations and Local Option Sales Tax Fund..	81	69	—	—	—	—
Energy Settlement Fund.....	18	24	—	—	—	—
Omnibus Crime Fund.....	—	416	—	—	—	—
Medicaid Expansion Fund.....	26	48	—	—	—	—
Other Special Revenue Funds.....	1,026	45	49	70	478	—
Less: eliminations.....	(20,411)	(20,411)	(75)	(75)	—	—
Adjusted Special Revenue Funds.....	37,277	11,470	334	1,223	7,466	281

Notes to the Financial Statements

Fund Type/Fund	Due From	Due To	Interfund Receivables	Interfund Payables	Advances To	Advances From
Capital Projects						
Capital Projects Fund.....	\$ 6,473	\$ 1,440	\$ —	\$ —	\$ —	\$ 988
Less: eliminations.....	(5)	(5)	—	—	—	—
Adjusted Capital Projects Fund.....	6,468	1,435	—	—	—	988
Enterprise						
Housing Authority.....	—	18	—	—	—	—
Jobs—Economic Development Authority.....	11	64	—	—	—	—
Patriots Point Development Authority.....	—	40	—	—	—	6,080
Patients' Compensation Fund.....	—	2	—	—	—	—
Second Injury Fund.....	—	232	—	—	—	—
Other Enterprise Funds.....	1,048	153	—	—	—	7,356
Less: eliminations.....	(68)	(68)	—	—	—	—
Adjusted Enterprise Funds.....	991	441	—	—	—	13,436
Internal Service						
Insurance Reserve Fund.....	187	12	3,035	—	34,497	—
Health and Disability Insurance Fund.....	12,410	150	—	—	—	—
Workers' Compensation Fund.....	5,065	2,360	—	—	—	—
State Employee Unemployment Compensation Fund.....	5	1,142	—	—	—	—
General Services Fund.....	1,229	307	2,397	4,748	22,193	38,234
Central Supplies and Equipment Fund.....	1,263	10	—	1,100	—	—
Information Resources Management Fund.....	3,272	183	274	705	—	11,042
Motor Pool Fund.....	921	130	—	52	—	115
Pension Administration Fund.....	—	103	—	—	—	—
Prison Industries Fund.....	344	167	—	—	—	—
Other Internal Service Funds.....	2	23	—	—	—	—
Less: eliminations.....	(4,587)	(4,587)	(3,741)	(3,741)	(38,183)	(38,183)
Adjusted Internal Service Funds.....	20,111	—	1,965	2,864	18,507	11,208
Trust and Agency						
Expendable Trust:						
Unemployment Compensation Benefits Fund.....	2	85	—	—	—	—
Pension Trust:						
South Carolina Retirement System.....	12,951	11,512	—	—	—	—
Police Officers' Retirement System.....	2,230	613	—	—	—	—
Judges' and Solicitors' Retirement System.....	27	—	—	—	—	—
Agency Funds:						
Federal Interfund Activity Fund.....	4,301	4,149	—	285	—	—
Payroll Clearing Fund.....	32,204	6,536	—	18	—	—
Other Agency Funds.....	2	49,816	—	—	80	—
Less: eliminations.....	(38,709)	(38,709)	—	—	—	—
Adjusted Trust and Agency Funds.....	13,008	34,002	—	303	80	—
Higher Education						
Unrestricted Current Funds.....	5,999	5,767	—	—	—	—
Restricted Current Funds.....	1,775	818	—	—	—	—
Unexpended Plant Funds.....	1,193	5	—	—	—	—
Retirement of Indebtedness Funds.....	1,389	1,286	—	—	—	—
Investment in Plant Funds.....	—	—	—	1,256	—	5,557
Agency Funds.....	121	—	—	—	—	—
Less: eliminations.....	(1,630)	(1,630)	—	—	—	—
Adjusted Higher Education Funds.....	8,847	6,246	—	1,256	—	5,557
Totals—all funds.....	\$ 88,143	\$ 88,143	\$ 6,383	\$ 6,383	\$ 39,601	\$ 39,601

Notes to the Financial Statements

b. Inequality of Operating Transfers In and Out

Operating Transfers In exceed Operating Transfers Out by \$182 thousand because the Public Service Authority, a component unit, reports using a December 31 fiscal year-end. The \$182 thousand difference represents Operating Transfers In for the General Fund for the fiscal year ended June 30, 1993, less Operating Transfers Out for the Public Service Authority for its fiscal year ended December 31, 1992.

c. Inequality of Residual Equity Transfers In and Out

Residual Equity Transfers Out exceed Residual Equity Transfers In by \$30.8 million. This resulted primarily because the Special Revenue Funds and Capital Projects Funds recorded Residual Equity Transfers Out of \$18.5 million and \$14.0 million, respectively, while the Enterprise Funds recorded additions to Contributed Capital. The remaining difference resulted from transfers of previously existing Governmental Funds to newly established Enterprise Funds in response to legislative changes. In these instances, certain fixed assets previously recorded in the General Fixed Assets Account Group were transferred to the new Enterprise Funds as Residual Equity Transfers In.

NOTE 13: RESERVATIONS AND DESIGNATIONS OF FUND EQUITY

Reservations represent legally segregated fund equity and amounts that cannot be appropriated for future expenditure. Designations of unreserved fund equity reflect tentative plans for future use of available financial resources.

a. Retained Earnings Reserved for Special Purposes

Retained Earnings Reserved for Special Purposes in the Enterprise Funds primarily consist of balances reserved as required by bond indentures of the Housing Authority and the Education Assistance Authority.

b. Reserve for Pensions and Other Benefits

This account includes amounts reserved for pension, group life, and accidental death benefits. It also includes reserves to recognize the restricted nature of the fund balances in the Unemployment Compensation Fund.

c. Reserves in the Higher Education Funds

Outside sources may restrict certain Higher Education Funds' resources. The financial statements present restricted fund balances as reserves. These reserves include reserves for endowments and other higher education restricted funds to be used for special purposes.

Grant monies received from the United States government under certain student loan programs are recorded as Reserved for Federal Government Grants Refundable. The purpose of this reserve is to indicate that these amounts can neither be appropriated nor expended and to reflect the State's ongoing responsibility to lend the resources only in accordance with applicable Federal program guidelines.

d. General Fund Reserve

The South Carolina Constitution requires that the State maintain a reserve to prevent deficits in the Budgetary General Fund. The reserve is fully funded whenever it equals three percent of the Budgetary General Fund's revenue (budgetary basis) of the latest completed fiscal year.

If the State withdraws funds from the reserve to cover a year-end deficit, it must replace the funds within three years. The Constitution requires that at least one percent of the Budgetary General Fund revenue (budgetary basis) of the latest completed fiscal year, if so much is necessary, be restored each year following the deficit until full funding is achieved.

During the fiscal year ended June 30, 1992, the State withdrew the entire reserve balance to cover a year-end negative unreserved fund balance on the budgetary basis. During the fiscal year ended June 30, 1993, the reserve balance increased to \$66.8 million. This brought the reserve to \$33.4 million below the full-funding amount of \$100.2 million.

e. Reserve for Inventories

The Governmental Funds reserve a portion of fund balance equal to year-end inventory balances to indicate that the funds are not available for appropriation.

f. Reserves for Loans, Notes Receivable, and Advances to Other Funds

Long-Term Loans, Notes Receivable, and Advances to Other Funds are assets that do not represent expendable available resources. The Governmental Funds, therefore, reserve a corresponding portion of fund balance.

Notes to the Financial Statements

g. Reserve for Appropriations to be Carried Forward

The General Fund does not use encumbrance accounting. The Reserve for Appropriations to be Carried Forward, however, is used in situations where the General Assembly has authorized Budgetary General Fund appropriations to be carried forward to the next fiscal year.

h. Reserve for Endowment and Similar Funds

This reserve recognizes restrictions placed on donated resources. In the Fiduciary Fund Types, the reserve represents amounts donated to State-owned secondary schools and to certain other State departments.

i. Reserve for School Building Aid

Amounts in the General Fund and in the Education Improvement Act Fund, a Special Revenue Fund, are reserved if committed to State school districts to build school buildings or to retire debt on such buildings. Such amounts are not available for appropriation.

j. Reserve for Encumbrances

Although not required by State law, some component units reported in the Higher Education Funds use encumbrance accounting. These component units record a reserve for encumbrances.

k. Reserve for Other Special Purposes—Special Revenue Funds

The Reserve for Other Special Purposes within the Special Revenue Funds primarily consists of prepaid items of the Department of Highways and Public Transportation.

l. Designation for Special Purposes

Amounts Designated for Special Purposes in the Special Revenue Funds consist generally of Department of Highways and Public Transportation resources which are designated for subsequent years' expenditures, primarily for highway maintenance.

m. Designated for Capital Expenditures

The State reports the fund balance in the Capital Projects Fund as Designated for Capital Expenditures.

n. Designation for Quasi-Endowments

The Designation for Quasi-Endowments includes resources that the State's higher education institutions intend to use in a manner similar to endowments in future years.

NOTE 14: RELATED ORGANIZATIONS

These financial statements exclude certain related foundations and other organizations. (See also Note 1a, Scope of Reporting Entity.)

The most significant of these organizations include: the University of South Carolina Development Foundation; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the Coastal Educational Foundation, Inc., of the University of South Carolina; South Carolina Universities Research and Education Foundation; Greater University of South Carolina Alumni Association; the University of South Carolina School of Medicine Educational Trust; the Carolina Piedmont Foundation, Inc.; the Clinical Faculty Practice Plan of the University of South Carolina; Lancaster County Educational Foundation, Inc.; the Clemson University Foundation; the Clemson University Research Foundation; University Medical Associates of the Medical University of South Carolina; the Health Sciences Foundation of the Medical University of South Carolina; the Educational Television Endowment of South Carolina; the College of Charleston Foundation; the Lander Foundation; the Winthrop University Foundation; the Francis Marion University Foundation; the Citadel Development Foundation; the Association of Citadel Men; the Citadel's Brigadier Club; South Carolina State Educational Foundation; Greenville Technical Foundation, Inc.; Tri-County Technical College Foundation, Inc.; and the Friends of the State Museum.

Those organizations above that are related to higher education report total assets of approximately \$314 million. During the fiscal year ended June 30, 1993, the State entered into various transactions with these organizations. Approximate amounts within the State's Higher Education Funds that represented transactions with these organizations include: receivable from foundations—\$7.5 million; donations of cash and other assets from foundations—\$42.8 million; expenditures (rental of foundation-owned property)—\$11.9 million; and reimbursements to the State for expenses/expenditures the State incurred on behalf of foundations—\$1.0 million.

During the fiscal year ended June 30, 1993, the Educational Television Endowment of South Carolina disbursed approximately \$8.9 million on behalf of the State for programs, development, advertising, and other costs.

Notes to the Financial Statements

NOTE 15: SEGMENT INFORMATION-ENTERPRISE FUNDS

The State groups its Enterprise Funds into several segments which are included in the following table. The Public Service Authority produces and sells electric power. The State Housing Finance and Development Authority (Housing Authority) provides low-cost housing to the State's citizens by issuing bonds/notes and by administering Federal contracts and grants. The Ports Authority develops and

maintains State harbors and seaports and handles the commerce through these ports. The Education Assistance Authority (including both the State Education Assistance Authority and the South Carolina Student Loan Corporation) makes loans to eligible students. The Other segment includes the Jobs-Economic Development Authority, the Patients' Compensation Fund, the Research Authority, the Patriots Point Development Authority, the Second Injury Fund, and Other Enterprise Funds.

Segment financial information (expressed in thousands) for the fiscal year ended June 30, 1993, follows:

	Public Service Authority	Housing Authority	Ports Authority	Education Assistance Authority	Other	Elimi- nations	Totals
Operating revenues.....	\$ 546,878	\$ 64,465	\$ 45,335	\$ 19,476	\$ 68,359	\$ —	\$ 744,513
Depreciation and amortization expense.....	85,602	134	11,639	127	2,689	—	100,191
Operating income (loss).....	136,192	9,090	3,594	(5,134)	(5,615)	—	138,127
Federal revenue.....	—	14,491	—	11,440	341	—	26,272
Operating transfers:							
In.....	—	442	—	4,775	1,515	(3,460)	3,272
Out.....	(5,816)	(3,455)	—	—	(5)	3,460	(5,816)
Extraordinary gains (losses).....	—	(1,557)	—	—	9,789	—	8,232
Net income.....	23,901	4,461	4,375	6,470	5,196	—	44,403
Current capital contributions and transfers.....	—	—	27,476	—	7,114	—	34,590
Property, plant, and equipment:							
Additions.....	235,279	110	79,217	349	7,453	—	322,408
Retirements.....	14,685	70	1,497	66	11,327	—	27,645
Net working capital.....	(133,289)	5,021	1,128	69,712	58,630	—	1,202
Total assets.....	3,515,461	721,808	351,527	340,815	181,110	(68)	5,110,653
Bonds and other long-term liabilities payable from operating revenues.....	2,480,186	613,968	64,388	246,489	38,757	—	3,443,788
Total fund equity.....	624,536	106,745	267,389	63,319	95,056	—	1,157,045

The Public Service Authority's sale of electric power to two major customers constitutes a concentration of credit risk for the State's Enterprise Funds. Revenue and accounts receivable (expressed in thousands) of the State's Enterprise Funds at June 30, 1993, attributable to those customers for the Authority's fiscal year ended December 31, 1992, were:

Customer	Revenue	% of Total Operating Revenue	Accounts Receivable	% of Total Accounts Receivable
Central Electric Power Cooperative, Inc.....	\$236,000	31.70%	\$21,946	31.81%
Alumax of South Carolina, Inc.....	82,000	11.01%	7,097	10.29%

NOTE 16: EXTRAORDINARY GAINS AND LOSSES

The \$10.0 million Extraordinary Gain-Other in the Enterprise Funds arose from a debt restructuring as a result of a bankruptcy proceeding involving the Patriots Point Development Authority. A developer failed to complete an Authority project and subsequently defaulted on bonds issued to fund the project (also see Note 10f, *Patriots Point Development Authority Bonds*). The gain represents the excess of liabilities settled over disbursements required and the reduction of Construction in Progress to its net realizable value.

The \$1.8 million of Extraordinary Losses on the Early Extinguishment of Debt in the Enterprise Funds was the sum of a \$1.6 million loss on Housing

Notes to the Financial Statements

Authority debt extinguishments and a \$0.2 million loss on Research Authority debt extinguishments.

NOTE 17: DEFICIT FUND BALANCES AND RETAINED EARNINGS

Individual funds with deficit fund balances or deficit retained earnings (expressed in thousands) at June 30, 1993, were:

<u>Fund Type/Fund</u>	<u>Amount of Deficit</u>
General Fund	\$ 94,281
Special Revenue Funds	
Omnibus Crime Fund.....	115
Internal Service Funds	
Workers' Compensation Fund.....	6,628
General Services Fund.....	8,448
Highway Department Internal Service Fund.....	317

The State's General Fund is in a deficit position at June 30, 1993, primarily as a result of the economic recession of previous fiscal years. The \$212.1 million deficit at June 30, 1992, decreased during the fiscal year ended June 30, 1993, as a result of stringent spending reductions. During the fiscal year ended June 30, 1993, the General Assembly also enacted legislation that will have the effect of limiting appropriations in future years. Economic recovery continues to be slow and is expected to remain so through much of the fiscal year ending June 30, 1994.

The deficit position of the Omnibus Crime Fund is due primarily to the year-end accrual of payroll and operating expenses. This fund's revenues, primarily court fines and fees, are not subject to accrual under the modified accrual basis of accounting.

The Workers' Compensation Fund, a risk management fund, recorded liabilities on the accrual basis both for claims known but not paid and for claims incurred but not reported. The deficit resulted from differences between revenues generated from Fund-estimated premium rates and actuarially determined expenses.

The primary function of the General Services Fund is rental of State-owned office space to other State agencies. The deficit resulted because rental and other fees were based on projected cash flow needs rather than on accrual-basis expenses.

Management of the Department of Highways and Public Transportation does not intend that revenues of its Internal Service Fund fully cover costs of the fund.

NOTE 18: PUBLIC ENTITY RISK POOL

The State operates the South Carolina Medical Malpractice Patients' Compensation Fund (PCF), a Public Entity Risk Pool.

a. Description of Fund

State law created the PCF to pay that portion of any medical malpractice claim, settlement, or judgment against a licensed health care provider which exceeds \$100,000 per incident or \$300,000 in the aggregate for one year. Licensed health care providers include physicians and surgeons, directors, officers and trustees of hospitals, nurses, oral surgeons, dentists, pharmacists, chiropractors, hospitals, nursing homes, and any similar category of licensed health care providers. All providers licensed in South Carolina are eligible to participate upon remittance of the annual assessment fees. Currently, the PCF's participants include 5,240 individual health care providers, 834 professional associations, and 64 hospitals, clinics, and nursing homes.

b. Unpaid Claims Liabilities

The Fund actuarially establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The Fund does not incur claim adjustment expenses because it carries only excess liability coverage. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as medical technology, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed annually using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

c. Reconciliation of Claims Liabilities

The Fund establishes liabilities for reported and unreported insured events. These liabilities include estimates of future payments of losses. The following represents changes in those aggregate liabilities (expressed in thousands) for the PCF during the past two fiscal years:

Notes to the Financial Statements

	1993	1992
Unpaid claims at beginning of year.....	\$ 15,525	\$ 15,750
Incurred claims:		
Provision for insured events of the current year.....	6,556	2,374
Increases (decreases) in provision for insured events of prior years.....	1,816	(140)
Total incurred claims.....	8,372	2,234
Payments on claims attributable to insured events of prior years.....	9,310	2,459
Total unpaid claims at end of the year.....	\$ 14,587	\$ 15,525

In 1992 and 1993, there were no payments of claims attributable to insured events of the current year.

d. Revenue and Claims Development Information

The separately issued audited Component Unit Financial Statements for the PCF include Required Supplementary Information regarding revenue and claims development.

NOTE 19: JOINT OPERATION

The Summer Nuclear Station is a joint operation owned by the Public Service Authority, a regulated electric utility reported within the State's Enterprise Funds, and the South Carolina Electric and Gas Company, a non-governmental electric utility. The Public Service Authority owns an undivided one-third interest in the Station while South Carolina Electric and Gas owns an undivided two-thirds interest. South Carolina Electric and Gas is solely responsible for the Station's management, budgeting, operation, maintenance, and decommissioning; and the Authority is obligated to pay its ownership share of all costs relating thereto. The Authority receives one-third of the net electricity generated.

In accordance with regulatory accounting practices, the State's Enterprise Funds at June 30, 1993, include Property, Plant, and Equipment of \$436 million and expenses of \$41.4 million which represent the State's interest in this joint operation. The State has financed its interest in the joint operation with long-term debt. The Summer Nuclear Station is not a separate legal entity and does not prepare separate financial statements.

Under the joint ownership agreement, the Authority has commitments of approximately \$3.5 million for the purchase, conversion, enrichment, and fabrication of uranium.

Additionally, South Carolina Electric and Gas has determined that the Summer Nuclear Station steam generators must be replaced due to stress corrosion cracking. Total estimated cost for the replacement is \$156 million of which the Authority will be responsible for approximately \$52 million. The replacement is scheduled for 1994. South Carolina Electric and Gas has filed suit against the manufacturer of the generators. The ultimate

outcome of the claim, however, cannot be determined at this time. Accordingly, no benefit has been recorded in the financial statements.

The Nuclear Regulatory Commission (NRC) has published final regulations on decommissioning of nuclear facilities. These regulations require a licensee of a nuclear reactor to provide minimum financial assurance of its ability to decommission its nuclear facilities. A site-specific decommissioning study completed in 1991 estimated the Authority's share of decommissioning costs for the Summer Nuclear Station as approximately \$76.3 million in 1990 dollars. The Authority accrues for its share of the estimated decommissioning costs over the remaining life of the facility. These costs are being recovered through the Authority's rates.

To comply with the NRC regulations, the Authority established an external trust fund and has been making deposits into this fund since September 1990. In addition, the Authority established an internal decommissioning account in 1983. Based on the current site-specific study, these funds, which totaled approximately \$20.8 million at December 31, 1992, along with future deposits into both the external and internal decommissioning accounts and investment earnings, are expected to provide sufficient funds for the Authority's share of the estimated decommissioning costs.

The Price-Anderson Indemnification Act has established the maximum liability for public claims arising from any nuclear incident as \$7.8 billion. This amount would be covered by nuclear liability insurance of up to \$200 million per site, with any additional liability covered by retrospective assessments of up to \$66.15 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed \$10 million per incident per year). Based on its one-third interest in the Summer Nuclear Station, the Authority would be responsible for a maximum assessment of \$22.05 million, not to exceed approximately \$3.3 million per incident per year. This amount is subject to further increases to reflect (i) inflation, (ii) increases in the licensing for operation of additional nuclear reactors, and (iii) any increase in the amount of commercial liability insurance the NRC is required to maintain.

NOTE 20: CONTINGENCIES AND COMMITMENTS

a. Litigation

- (i) The State is involved in several significant legal proceedings:
 - (a) As a result of a United States Supreme Court ruling, the State passed legislation to tax State retirees' pension income to the same extent as Federal retirees' pension income. Litigation initiated by individual plaintiffs during the fiscal year ended June 30, 1989, sought refunds for

Notes to the Financial Statements

taxes paid by Federal retirees prior to this legislation. Since the issue of allowing Federal retirees to claim refunds was not resolved by the United States Supreme Court ruling, cases are pending in the court seeking tax refunds for Federal retirees. During the fiscal year ended June 30, 1990, the State Supreme Court ruled in favor of the State. The plaintiffs filed a Petition for Writ of Certiorari requesting that the United States Supreme Court consider this issue. This Petition was granted, and the decision of the State Supreme Court was vacated. The case was remanded to the State Supreme Court for further consideration in light of another United States Supreme Court decision. The State Supreme Court again ruled in favor of the State. The plaintiffs have filed a second Writ of Certiorari with the United States Supreme Court, and this Writ was granted. The State Supreme Court's judgment was vacated, and the action is presently pending upon remand before the State Supreme Court. If this case were to have an unfavorable outcome, the State could incur losses up to \$200 million. Settlement negotiations are ongoing and if successful, could result in a liability less than \$200 million.

- (b) The State is currently appealing an adverse ruling entered by the State Court of Common Pleas. This action involves a sales tax on the sale of telecommunications capacity by a vendor to telephone companies who use the capacity to provide telephone services to the public. The trial court found that the transactions between the vendor and the telephone companies were wholesale transactions not subject to the sales tax. The potential liability resulting from this case is estimated to be \$1.2 million.
- (c) An action is currently pending in the State Court of Common Pleas that involves an interpretation of South Carolina's rules concerning the filing of consolidated returns by multiple taxpayers that are allegedly not conducting a multi-state business as required by the consolidated return regulation. Should this case have an unfavorable outcome, the State could incur a loss of approximately \$4 million.

It is presently not possible for the Attorney General's Office to determine the final outcome of these pending cases.

- (ii) In 1840, the State purchased approximately 144,000 acres of land in two of the State's counties from the Catawba Indian Nation. The State then sold the land to private citizens.

For several years, the Catawba Indian Nation sought recovery of this land through the courts. In October 1993, legislation was approved pursuant to a settlement agreement reached earlier. As a result, the plaintiffs have agreed to terminate their lawsuit. The State's liability as a result of the settlement is \$12.5 million to be paid out over the next five years. The State's financial statements reflect this liability.

- (iii) The State is involved in litigation that challenges its Beachfront Management Act. The Act provides for beach protection through a forty-year program to restore the beach and dune system to its natural dynamic equilibrium. The Act contains certain prohibitions against building and against rebuilding in the event that currently existing structures are demolished. The Act provides limited remedies in those cases where it is determined that the rebuilding prohibition deprives the owner of the practical use of the property. In *Lucas v. South Carolina Coastal Council*, the courts determined that the Act had resulted in a "temporary taking." On July 2, 1993, the *Lucas* case was settled. The State's financial statements reflect the resulting liability. Counsel for the State believe that the aggregate of all filed and potential cases will not have a material adverse effect on the State's financial statements.
- (iv) The State is involved in a Federal class action lawsuit challenging the constitutionality of the conditions of confinement at the State Department of Youth Services' long-term care facilities and its reception and evaluation center. The action seeks both damage and remedial relief. Should the court order significant remedial relief, the cost to the State is estimated to range from \$5 million to \$10 million. These costs, if ordered, would likely extend over several fiscal years.
- (v) The State's Department of Highways and Public Transportation is involved in several legal proceedings. At June 30, 1993, the Department was involved in seven cases regarding condemnation ranging from \$250,000 to \$3,100,000. The \$3,100,000 case was settled after June 30, and the State's financial statements accordingly reflect a liability for this amount. The Department is also party to several contract disputes. Because substantial Federal participation is expected if the State loses these cases, they are not expected to have a material adverse effect on the State's financial position.

Notes to the Financial Statements

(vi) Numerous actions have been filed against the State pursuant to a State law which provides employment protection for reports of violations of State or Federal laws or regulations. Although recent statutory changes limit the State's exposure for future claims, there are numerous pending actions filed pursuant to the former act. The State presently maintains an unfunded exposure created by the operation of this former act. The State's legal counsel do not believe that any of the current actions individually will have a material effect on the State's financial statements. An estimate of the State's aggregate potential liability and cost in defending these actions is not available.

(vii) The State is a defendant in a Federal school district desegregation claim. The Darlington County School District is seeking a Federal court order directing the State to share in the costs of implementing a desegregation plan in the event that a desegregation plan is ordered against the school district as the result of a pending lawsuit between the district and the United States Government. The State defendants have filed a motion to dismiss the district's cross-claim. Counsel for the State believe that there are meritorious legal defenses that should preclude the entry of an order against the State. Nevertheless, the cost to the State of court-ordered relief could be significant.

(viii) The State is involved in other legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes cases involving the legality of certain taxes assessed by the State, claims asserted against the State arising from alleged torts, and possible violations of State and Federal laws. Unfavorable outcomes in these matters could result in the State incurring losses. However, these losses are not expected to have a material, adverse impact on the financial position of the funds involved.

(ix) Subsequent to June 30, 1993, a case was brought against the State by twenty-nine school districts and an individual taxpayer on behalf of a minor student. The action challenges the system of funding public education in South Carolina. The plaintiffs are asking for the current system to be amended and for funds to be appropriated to provide remedial relief to the plaintiff school districts. The State's attorneys are unable to assess the likelihood that the State will incur a loss; however, the relief requested by the plaintiffs, if awarded, could have a material adverse impact on the State's financial statements.

b. Loan Guarantees

The State Education Assistance Authority (SEAA) within the State's Enterprise Funds guarantees student loans. At June 30, 1993, these loans totaled \$410.9 million. The United States Department of Education (DOE) ordinarily reinsures losses under these guarantees up to 100%. If the loan default rate exceeds 5% of the loans in repayment status, however, the DOE decreases the reinsurance rate. The State's default rate at June 30, 1993, was less than 2%.

c. Federal Grants

The State receives significant Federal grant and entitlement revenues. Compliance audits of Federal programs may identify disallowed expenditures. Disallowances by Federal program officials as a result of these audits may become liabilities of the State. The State records a liability for pending disallowances if settlement is probable and the settlement amount is reasonably estimable. Otherwise, the liability is recorded when the State and the Federal government agree upon reimbursement terms. It is presently not possible for management to determine the outcome of pending audit disallowances. Based on an analysis of historical data, however, the State believes that any such reimbursements relating to the fiscal year ended June 30, 1993, or earlier years will not have a material impact on the State's financial position.

d. Purchase Commitments

At December 31, 1992, the Public Service Authority, an electric utility company reported in the Enterprise Funds, had outstanding minimum obligations under existing purchase contracts totaling approximately \$969.1 million for coal and approximately \$139.7 million for power. The terms of the contracts range from three to forty-three years.

e. State Underground Petroleum Environmental Response Bank

The South Carolina State Underground Petroleum Environmental Response Bank Act of 1988 provides funds through a petroleum use tax for the rehabilitation of qualified sites contaminated with petroleum or petroleum products released from underground storage tanks. The State's Department of Health and Environmental Control (DHEC) administers the Act. Any responsible party who rehabilitates a qualified site is entitled to payment of allowable costs. As a result of this program, the State had \$15 million of Accounts Payable at June 30, 1993, for which funds were not available. The State's financial statements reflect this liability. Contingent liabilities at June 30, 1993, resulting from this program cannot be estimated but could be significant.

Notes to the Financial Statements

f. Economic Development

During the fiscal year ended June 30, 1992, the State committed to purchase and improve certain land in Greer, South Carolina, at a cost of approximately \$45.2 million so that Bavarian Motor Works (BMW) could build an automobile manufacturing facility. As of June 30, 1993, the State had expended approximately \$41.8 million to purchase the land and begin the improvements.

The State has committed to lease the land to BMW for 50 years at \$1 per year. Under the

proposed lease, BMW must build an automobile production facility on the property. If it discontinued operation of the facility, BMW would be required to purchase the site from the State at original cost. In addition, BMW could elect to purchase all or part of the site at any time during, or at the conclusion of, the lease term for an amount equal to the State's original cost. State officials intend that the Ports Authority, an Enterprise Fund, enter into the lease agreement with BMW during the fiscal year ending June 30, 1994.

**Photograph is not available
in web version of CAFR**

In 1920 Columbia, long before the days of mobile phones and fax machines, telephone switchboards and operators asking, "Number, please?" were the nerve centers of communications. Columbia was one of the first three cities in the nation to test dial telephone service in 1922.

**COMBINING FINANCIAL
STATEMENTS AND SCHEDULES**
(See Accompanying Independent Auditors' Report)

**Photograph is not available
in web version of CAFR**

It was considered an architectural marvel of its time and even today, the Cooper River bridge attracts special interest and attention from drivers crossing between Charleston and Mount Pleasant. Opened in the 1930s, it replaced ferryboat crossings and was a major link in the North-to-Florida motorcar routes.

Special Revenue Funds

Special Revenue Funds account for specific revenue sources (other than for Capital Projects, Trust, and Higher Education Funds) that are legally restricted for specified purposes. The State uses the following Special Revenue Funds:

Departmental General Operating Fund. This fund accounts for resources that are part of a particular State component unit's or agency's General Fund but are not part of the State's General Fund. These resources include significant amounts of Federal grant receipts.

Education Improvement Act Fund. This fund accounts for the special additional one-percent sales tax levied to be used exclusively for improvements in elementary and secondary education.

Repair, Maintenance, and Renovation Fund. This fund accounts for State bond proceeds and other permanent improvement project resources to be expended for approved repair, maintenance, renovation, and alteration projects.

Waste Management Fund. This fund accounts for fees collected from consumers, generators of solid and hazardous wastes, and owners and operators of solid waste and hazardous waste storage facilities. These fees must be used for the purposes set forth in the State's Solid Waste Policy and Management Act of 1991 and to cover the State's costs in governmental actions involving uncontrolled hazardous waste sites.

Highway Department Special Revenue Fund. This fund accounts for the various gasoline taxes, fees, fines, and Federal grant resources used by the Department of Highways and Public Transportation for its general operations. These operations include highway maintenance and repair, highway safety and law enforcement, and licensing/registration of drivers and vehicles.

Water Recreation Resources Fund. The revenues in this fund come from watercraft gasoline taxes. These revenues must be used for water recreational resources and are allocated to counties for this purpose.

Employment Security Assessment Fund. This fund accounts for assessments made on employers to cover the administrative costs of the Employment Security Commission. These revenues must be used by the Employment Security Commission in assisting with re-employment, supplementing basic employment services, and providing employment services.

Accommodations and Local Option Sales Tax Fund. This fund accounts for: (1) a special additional two-percent sales tax on the gross proceeds on the rental of transient accommodations and (2) a special one-percent sales tax applicable in some localities within the State. The State allocates these revenues to counties and municipalities in accordance with State law.

Energy Settlement Fund. Revenues received from court-ordered settlements resulting from oil overcharges by various oil companies are accounted for in this fund. These resources must be used for energy-related programs designed to benefit all categories of the State's petroleum product consumers.

Omnibus Crime Fund. This fund accounts for court fees remitted to the State by local court systems under the Omnibus Crime Act of 1984. These fees must be used for certain programs administered by the Department of Parole and Community Corrections.

Medicaid Expansion Fund. Resources of this fund include county assessments for indigent medical care and a tax on licensed hospitals. The fund was established to provide Medicaid coverage to persons formerly ineligible for such coverage and to provide additional State matching funds for Medicaid.

Other Special Revenue Funds. These funds, aggregated for reporting purposes, account for various other revenues which must be used for specific purposes. These include operations of various agricultural boards, forest renewal programs, certain housing programs, and medical and dental scholarships.

Photograph is not available
in web version of CAFR

High-tech in South Carolina in 1900 meant a well-equipped college physics laboratory. These military cadets were among the early students at Clemson College, now Clemson University, which was established in 1888. The institution discontinued its military status in 1955, at which time it also became co-educational.

Combining Balance Sheet

SPECIAL REVENUE FUNDS

June 30, 1993

(Expressed in Thousands)

	Depart- mental General Operating	Education Improve- ment Act	Repair, Mainte- nance, and Renovation	Waste Manage- ment	Highway Department Special Revenue	Water Recreation Resources
ASSETS						
Cash and cash equivalents.....	\$108,428	\$ 12,530	\$ 3,589	\$40,715	\$ 282,419	\$ 3,399
Investments.....	202	—	—	—	—	—
Receivables, net:						
Accounts.....	51,198	84	—	199	2,241	—
Taxes.....	248	28,546	—	—	31,725	106
Loans and notes.....	51,641	—	—	—	—	—
Due from Federal government and other grantors.....	210,402	—	570	—	1,964	—
Due from other funds.....	19,851	870	1,830	1,767	32,123	96
Interfund receivables.....	360	—	—	—	—	—
Advances to other funds.....	—	—	—	—	6,988	—
Inventories.....	9,523	—	—	—	14,390	—
Other assets.....	—	—	—	—	408	—
Total assets.....	\$451,853	\$ 42,030	\$ 5,989	\$42,681	\$ 372,258	\$ 3,601
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities.....	\$155,845	\$ 2,215	\$ 597	\$21,645	\$ 50,951	\$ 10
Tax refunds payable.....	—	62	—	—	636	—
Intergovernmental payables.....	63,394	6,360	—	727	—	7
Due to other funds.....	18,493	1,230	14	148	10,596	5
Interfund payables.....	302	426	500	—	—	—
Advances from other funds.....	281	—	—	—	—	—
Deferred revenues.....	44,807	1,012	4	—	—	—
Other liabilities, including retainages payable.....	6	—	204	—	8,605	—
Total liabilities.....	283,128	11,305	1,319	22,520	70,788	22
Fund balances:						
Reserved for:						
Inventories.....	9,523	—	—	—	14,390	—
Advances to other funds.....	—	—	—	—	6,988	—
Long-term loans and notes receivable....	51,641	—	—	—	—	—
School building aid.....	—	10,106	—	—	—	—
Other special purposes.....	—	—	—	—	408	—
Unreserved:						
Designated for special purposes.....	—	—	—	—	237,559	—
Undesignated.....	107,561	20,619	4,670	20,161	42,125	3,579
Total fund balances.....	168,725	30,725	4,670	20,161	301,470	3,579
Total liabilities and fund balances..	\$451,853	\$ 42,030	\$ 5,989	\$42,681	\$ 372,258	\$ 3,601

Employment Security Assessment	Accommoda- tions and Local Option Sales Tax	Energy Settlement	Omnibus Crime	Medicaid Expansion	Other Special Revenue	Elimina- tions	Totals
\$ 3,416	\$ 12,603	\$ 26,777	\$ 769	\$ 4,238	\$ 12,814	\$ —	\$ 511,697
—	—	—	—	—	—	—	202
—	—	290	—	31	58	—	54,101
1,291	6,611	—	—	—	—	—	68,527
—	—	—	—	—	1,696	—	53,337
—	—	—	—	—	1,296	—	214,232
—	81	18	—	26	1,026	(20,411)	37,277
—	—	—	—	—	49	(75)	334
—	—	—	—	—	478	—	7,466
—	—	—	—	—	—	—	23,913
—	—	—	—	—	—	—	408
<u>\$ 4,707</u>	<u>\$ 19,295</u>	<u>\$ 27,085</u>	<u>\$ 769</u>	<u>\$ 4,295</u>	<u>\$ 17,417</u>	<u>\$ (20,486)</u>	<u>\$ 971,494</u>

\$ 156	\$ 4,165	\$ 2,734	\$ 468	\$ 107	\$ 714	\$ —	\$ 239,607
—	15	—	—	—	—	—	713
—	7,403	109	—	—	101	—	78,101
793	69	24	416	48	45	(20,411)	11,470
—	—	—	—	—	70	(75)	1,223
—	—	—	—	—	—	—	281
23	288	—	—	—	—	—	46,134
—	—	—	—	—	—	—	8,815
<u>972</u>	<u>11,940</u>	<u>2,867</u>	<u>884</u>	<u>155</u>	<u>930</u>	<u>(20,486)</u>	<u>386,344</u>

—	—	—	—	—	—	—	23,913
—	—	—	—	—	478	—	7,466
—	—	—	—	—	1,394	—	53,035
—	—	—	—	—	—	—	10,106
—	—	—	—	—	—	—	408
—	—	—	—	—	—	—	237,559
3,735	7,355	24,218	(115)	4,140	14,615	—	252,663
<u>3,735</u>	<u>7,355</u>	<u>24,218</u>	<u>(115)</u>	<u>4,140</u>	<u>16,487</u>	<u>—</u>	<u>585,150</u>
<u>\$ 4,707</u>	<u>\$ 19,295</u>	<u>\$ 27,085</u>	<u>\$ 769</u>	<u>\$ 4,295</u>	<u>\$ 17,417</u>	<u>\$ (20,486)</u>	<u>\$ 971,494</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	Departmental General Operating	Education Improvement Act	Repair, Maintenance, and Renovation	Waste Management	Highway Department Special Revenue	Water Recreation Resources
Revenues:						
Taxes:						
Retail sales and use.....	\$ —	\$312,446	\$ —	\$ 1,810	\$ —	\$ —
Other.....	3,471	—	19	—	345,155	1,050
Licenses, fees, and permits.....	23,955	—	—	23,132	91,238	—
Interest and other investment income.....	2,731	473	—	1,745	—	—
Federal.....	1,929,692	—	682	—	10,199	—
Departmental services.....	128,133	—	—	180	7,605	2
Contributions.....	93,213	—	—	3	—	—
Fines and penalties.....	12,314	—	4	192	2,226	—
Other.....	38,647	143	164	—	1,192	1
Total revenues.....	2,232,156	313,062	869	27,062	457,615	1,053
Expenditures:						
Current:						
General governmental.....	14,780	463	1,279	—	—	—
Education.....	91,587	9,579	230	—	—	—
Individual and family services.....	1,735,619	8,024	3,817	39,658	—	—
Administration of justice.....	20,126	865	2,035	—	—	—
Resources and economic development..	55,637	—	2,039	—	—	233
Transportation.....	288	—	5	—	287,905	—
Capital outlay.....	—	—	—	—	24,572	—
Debt service:						
Principal retirement.....	1,182	—	—	—	—	—
Interest and fiscal charges.....	42	—	—	—	—	—
Intergovernmental.....	363,179	280,467	—	3,733	—	813
Total expenditures.....	2,282,440	299,398	9,405	43,391	312,477	1,046
Revenues over (under) expenditures.....	(50,284)	13,664	(8,536)	(16,329)	145,138	7
Other financing sources (uses):						
Lease and installment debt proceeds.....	2,774	—	—	—	—	—
Operating transfers in.....	108,150	—	10,774	—	876	—
Operating transfers out.....	(37,400)	(8,465)	(746)	(7,860)	(158,663)	(105)
Total other financing sources (uses)	73,524	(8,465)	10,028	(7,860)	(157,787)	(105)
Revenues and other sources over (under) expenditures and other uses....	23,240	5,199	1,492	(24,189)	(12,649)	(98)
Fund balances (deficit), July 1, 1992	166,687	25,526	3,178	44,350	329,069	3,677
Increases in reserve for inventories.....	2,164	—	—	—	50	—
Residual equity transfers out.....	(23,366)	—	—	—	(15,000)	—
Fund balances (deficit), June 30, 1993....	\$ 168,725	\$ 30,725	\$ 4,670	\$20,161	\$ 301,470	\$ 3,579

Employment Security Assessment	Accommoda- tions and Local Option Sales Tax	Energy Settlement	Omnibus Crime	Medicaid Expansion	Other Special Revenue	Elimina- tions	Totals
\$ —	\$ 63,098	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 377,354
5,320	—	—	—	25,547	2,692	—	383,254
—	—	—	—	—	4,010	—	142,335
—	—	1,238	—	149	340	—	6,676
—	—	—	—	—	815	—	1,941,388
—	—	—	—	—	542	—	136,462
—	—	—	—	7,535	480	—	101,231
—	—	1,738	10,350	—	437	—	27,261
—	—	—	—	2	589	—	40,738
<u>5,320</u>	<u>63,098</u>	<u>2,976</u>	<u>10,350</u>	<u>33,233</u>	<u>9,905</u>	<u>—</u>	<u>3,156,699</u>
5,447	4,166	845	—	—	7,969	—	34,949
—	—	—	—	—	—	—	101,396
—	—	1,100	—	29,730	2,938	—	1,820,886
—	—	—	10,145	—	213	—	33,384
—	—	—	—	—	1,820	—	59,729
—	—	—	—	—	—	—	288,198
—	—	—	—	—	—	—	24,572
—	—	—	—	—	—	—	1,182
—	—	—	—	—	—	—	42
—	52,224	5,141	—	—	1,108	—	706,665
<u>5,447</u>	<u>56,390</u>	<u>7,086</u>	<u>10,145</u>	<u>29,730</u>	<u>14,048</u>	<u>—</u>	<u>3,071,003</u>
<u>(127)</u>	<u>6,708</u>	<u>(4,110)</u>	<u>205</u>	<u>3,503</u>	<u>(4,143)</u>	<u>—</u>	<u>85,696</u>
—	—	—	—	—	—	—	2,774
—	—	—	—	—	9,826	(85,563)	44,063
(404)	—	(989)	—	—	(358)	85,563	(129,427)
<u>(404)</u>	<u>—</u>	<u>(989)</u>	<u>—</u>	<u>—</u>	<u>9,468</u>	<u>—</u>	<u>(82,590)</u>
(531)	6,708	(5,099)	205	3,503	5,325	—	3,106
4,266	647	29,317	(320)	637	11,162	—	618,196
—	—	—	—	—	—	—	2,214
—	—	—	—	—	—	—	(38,366)
<u>\$ 3,735</u>	<u>\$ 7,355</u>	<u>\$ 24,218</u>	<u>\$ (115)</u>	<u>\$ 4,140</u>	<u>\$ 16,487</u>	<u>\$ —</u>	<u>\$ 585,150</u>

**Photograph is not available
in web version of CAFR**

Fashionable Columbians could choose from a variety of carriages and buggies in 1910 at this Hampton Street dealership. A decade later, the arrival of the automobile would make most of these vehicles collectors' items.

Enterprise Funds

Enterprise Funds account for business-like State activities that provide goods and/or services to the public. These funds are financed primarily through user charges. The State maintains the following Enterprise Funds:

Public Service Authority. The Public Service Authority produces and sells electric power to individuals, businesses, electric cooperatives, and municipal power departments.

Housing Authority. The State Housing Finance and Development Authority facilitates medium-income and low-income housing opportunities by providing reasonable financing to the State's citizens. To provide such financing, the Authority issues bonds and notes and administers Federal grants and contracts. The Authority is supported primarily by mortgage interest.

Ports Authority. The Ports Authority develops and maintains State-owned harbors and seaports. It handles the commerce through these harbors and is responsible for the operation of six ocean terminals. The Authority operates on fees charged to users of the facilities and services of the Ports Authority.

Jobs-Economic Development Authority. The Jobs-Economic Development Authority acts in conjunction with other organizations in the promotion and advancement of industrial, commercial, agricultural, and recreational development in the State. The Authority's emphasis is on those areas of the State with the greatest economic need and to those projects providing the greatest economic benefit. The Authority is supported primarily by interest charges on project loans.

Patriots Point Development Authority. The Patriots Point Development Authority is responsible for developing and operating the Patriots Point area

near Charleston, including a Naval Museum. The Authority is supported by user fees.

Patients' Compensation Fund. This fund provides medical malpractice insurance to any public or private health care provider within the State. This fund is reported as a public entity risk pool.

Second Injury Fund. This fund serves as a claims processor for insurance carriers, self-insurers, and the Workers' Compensation Fund. The fund processes claims of employees with existing permanent physical impairment who are further injured in the course of their subsequent employment.

Education Assistance Authority. This fund includes the operations of the State Education Assistance Authority and the South Carolina Student Loan Corporation. The Authority issues bonds and makes loans to students of the State to enable them to attend higher education institutions. Resources include interest charges, subsidies from the United States Department of Education, investment earnings, and some State appropriations.

Research Authority. The South Carolina Research Authority is developing and marketing a system of research parks as well as developing and managing research and development contracts. The Authority's purpose is to foster research capabilities in the State's public and private universities.

Other Enterprise Funds. Other enterprise activities of the State include: the Carolina Cup Racing Association, Inc.; the Carolina Capital Investment Corporation; Enterprise Development, Inc.; Savannah Valley Authority; and Savannah Lakes Regional Loan Fund. During fiscal year 1992-93, the Canteens Fund and the Public Railways Commission also were made a part of the Other Enterprise Funds.

Photograph is not available
in web version of CAFR

Until the twentieth century most towns and cities relied on volunteer fire fighting companies such as Greenville's Neptune Volunteer Fire Company, circa 1894. The first such company was organized in Charleston in 1784.

Combining Balance Sheet

ENTERPRISE FUNDS

June 30, 1993

(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Jobs- Economic Development Authority	Patriots Point Development Authority
ASSETS					
Current assets:					
Cash and cash equivalents.....	\$ 18,204	\$ 6,045	\$ 11,356	\$ 4,940	\$ 1,195
Investments.....	28,332	—	—	—	—
Receivables, net:					
Accounts.....	53,617	71	7,751	702	46
Student loans.....	—	—	—	—	—
Loans and notes.....	—	—	—	—	—
Due from Federal government and other grantors.....	—	—	—	—	—
Due from other funds.....	—	—	—	11	—
Inventories.....	77,106	—	897	—	123
Restricted assets:					
Cash and cash equivalents.....	70,560	—	—	—	1,046
Investments.....	28,645	—	—	—	—
Other.....	—	—	—	—	—
Other current assets.....	986	—	874	—	21
Total current assets.....	277,450	6,116	20,878	5,653	2,431
Long-term assets:					
Receivables, net:					
Student loans.....	—	—	—	—	—
Loans and notes.....	—	573	—	23,931	—
Restricted assets:					
Cash and cash equivalents.....	99,732	137,073	10,976	—	—
Investments.....	507,380	45,636	28,628	—	—
Loans receivable.....	—	523,181	—	—	—
Other.....	—	8,695	—	—	—
Other long-term assets.....	—	—	—	—	—
Deferred charges.....	613,876	—	1,523	—	—
Total long-term assets.....	1,220,988	715,158	41,127	23,931	—
Property, plant, and equipment:					
Land and improvements.....	—	—	160,866	—	2,917
Buildings and improvements.....	—	—	163,840	—	1,549
Utility plant.....	2,494,864	—	—	—	—
Machinery, equipment, and other.....	1,694	805	27,402	—	7,137
Construction in progress.....	267,411	—	55,073	—	5,000
Less: accumulated depreciation.....	(746,946)	(271)	(117,659)	—	(4,490)
Total property, plant, and equipment, net.....	2,017,023	534	289,522	—	12,113
Total assets.....	\$ 3,515,461	\$ 721,808	\$ 351,527	\$ 29,584	\$ 14,544

<u>Patients'</u> <u>Compensation</u>	<u>Second</u> <u>Injury</u>	<u>Education</u> <u>Assistance</u> <u>Authority</u>	<u>Research</u> <u>Authority</u>	<u>Other</u> <u>Enterprise</u>	<u>Elimina-</u> <u>tions</u>	<u>Totals</u>
\$ 34,369	\$ 2,570	\$ 22,066	\$ 3,219	\$ 19,295	\$ —	\$ 123,259
—	—	—	1,660	140	—	30,132
158	—	4,823	370	1,463	—	69,001
—	—	41,270	—	—	—	41,270
—	—	—	—	256	—	256
—	—	2,441	7,199	718	—	10,358
—	—	—	—	1,048	(68)	991
—	—	—	—	1,191	—	79,317
—	22,440	29,176	—	1,617	—	124,839
—	—	—	—	—	—	28,645
—	61	933	—	—	—	994
—	—	10	—	69	—	1,960
<u>34,527</u>	<u>25,071</u>	<u>100,719</u>	<u>12,448</u>	<u>25,797</u>	<u>(68)</u>	<u>511,022</u>
—	—	191,197	—	—	—	191,197
—	—	—	—	8,082	—	32,586
—	—	—	—	—	—	247,781
—	—	43,657	—	500	—	625,801
—	—	—	—	—	—	523,181
—	—	—	—	—	—	8,695
—	—	116	—	—	—	116
—	—	4,040	12	—	—	619,451
—	—	<u>239,010</u>	<u>12</u>	<u>8,582</u>	<u>—</u>	<u>2,248,808</u>
—	—	—	3,833	7,503	—	175,119
—	—	—	14,226	1,692	—	181,307
—	—	—	—	—	—	2,494,864
34	190	1,566	7,070	1,273	—	47,171
—	—	—	—	2,868	—	330,352
<u>(23)</u>	<u>(85)</u>	<u>(480)</u>	<u>(5,579)</u>	<u>(2,457)</u>	<u>—</u>	<u>(877,990)</u>
<u>11</u>	<u>105</u>	<u>1,086</u>	<u>19,550</u>	<u>10,879</u>	<u>—</u>	<u>2,350,823</u>
<u>\$ 34,538</u>	<u>\$ 25,176</u>	<u>\$ 340,815</u>	<u>\$ 32,010</u>	<u>\$ 45,258</u>	<u>\$ (68)</u>	<u>\$ 5,110,653</u>

Continued on Next Page

Combining Balance Sheet

ENTERPRISE FUNDS (Continued)

June 30, 1993

(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Jobs- Economic Development Authority	Patriots Point Development Authority
LIABILITIES AND FUND EQUITY					
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities.....	\$ 108,635	\$ 904	\$ 14,120	\$ 14	\$ 496
Due to other funds.....	—	18	—	64	40
Deferred revenues.....	—	—	—	—	—
Deposits.....	—	—	—	17	—
Deferred compensation.....	—	—	—	—	—
Liabilities payable from restricted assets.....	—	—	—	—	—
Notes payable.....	—	—	—	—	—
Revenue bonds payable.....	154,915	—	870	—	—
Capital lease and installment debt obligations payable.....	3,146	—	1,180	—	—
Commercial paper notes.....	121,750	—	—	—	—
Compensated absences payable.....	—	173	—	18	—
Other current liabilities, including retainages payable..	22,293	—	3,580	—	—
Total current liabilities.....	410,739	1,095	19,750	113	536
Long-term liabilities:					
Accrued liabilities.....	—	21,448	—	—	—
Insurance claims incurred but not reported.....	—	—	—	—	—
Advances from other funds.....	—	—	—	—	6,080
Deferred revenues and deferred credits.....	24,362	—	—	—	—
Notes payable.....	—	—	—	—	—
Revenue bonds payable.....	2,371,557	589,360	63,823	—	—
Capital lease and installment debt obligations payable.....	52,673	—	565	—	—
Other long-term liabilities.....	31,594	3,160	—	—	—
Total long-term liabilities.....	2,480,186	613,968	64,388	—	6,080
Total liabilities.....	2,890,925	615,063	84,138	113	6,616
Fund Equity:					
Contributed capital.....	34,438	—	176,244	3,491	6,628
Retained earnings:					
Reserved for special purposes.....	—	100,622	—	—	—
Unreserved.....	590,098	6,123	91,145	25,980	1,300
Total fund equity.....	624,536	106,745	267,389	29,471	7,928
Total liabilities and fund equity.....	\$ 3,515,461	\$ 721,808	\$ 351,527	\$ 29,584	\$ 14,544

<u>Patients'</u> <u>Compensation</u>	<u>Second</u> <u>Injury</u>	<u>Education</u> <u>Assistance</u> <u>Authority</u>	<u>Research</u> <u>Authority</u>	<u>Other</u> <u>Enterprise</u>	<u>Elimina-</u> <u>tions</u>	<u>Totals</u>
\$ 5,261	\$ 2,513	\$ 6,022	\$ 4,670	\$ 5,201	\$ —	\$ 147,836
2	232	—	—	153	(68)	441
1,000	—	18	470	102	—	1,590
—	—	—	—	2	—	19
—	—	—	273	—	—	273
—	22,275	—	—	425	—	22,700
—	—	—	1,973	1,361	—	3,334
—	—	24,895	—	—	—	180,680
—	—	—	178	—	—	4,504
—	—	—	—	—	—	121,750
13	51	72	—	391	—	718
—	—	—	—	102	—	25,975
<u>6,276</u>	<u>25,071</u>	<u>31,007</u>	<u>7,564</u>	<u>7,737</u>	<u>(68)</u>	<u>509,820</u>
11,232	—	—	—	—	—	32,680
3,355	—	—	—	—	—	3,355
—	—	—	—	7,356	—	13,436
—	—	—	—	—	—	24,362
—	—	—	8,173	2,559	—	10,732
—	—	243,560	—	—	—	3,268,300
—	—	—	2	—	—	53,240
—	—	2,929	—	—	—	37,683
<u>14,587</u>	<u>—</u>	<u>246,489</u>	<u>8,175</u>	<u>9,915</u>	<u>—</u>	<u>3,443,788</u>
<u>20,863</u>	<u>25,071</u>	<u>277,496</u>	<u>15,739</u>	<u>17,652</u>	<u>(68)</u>	<u>3,953,608</u>
—	—	—	11,783	6,098	—	238,682
—	—	56,516	—	1,841	—	158,979
13,675	105	6,803	4,488	19,667	—	759,384
<u>13,675</u>	<u>105</u>	<u>63,319</u>	<u>16,271</u>	<u>27,606</u>	<u>—</u>	<u>1,157,045</u>
<u>\$ 34,538</u>	<u>\$ 25,176</u>	<u>\$ 340,815</u>	<u>\$ 32,010</u>	<u>\$ 45,258</u>	<u>\$ (68)</u>	<u>\$ 5,110,653</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Equity

ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Jobs- Economic Develop- ment Authority	Patriots Point Develop- ment Authority	Patients' Compen- sation
Operating revenues:						
Charges for services.....	\$ 546,878	\$ 1,962	\$ 45,335	\$ 94	\$ 3,638	\$ 2,257
Contributions.....	—	—	—	—	—	—
Interest and other investment income.....	—	62,503	—	1,807	—	1,181
Total operating revenues.....	546,878	64,465	45,335	1,901	3,638	3,438
Operating expenses:						
General operations and administration.....	321,441	3,385	30,102	4,869	3,101	225
Benefits and claims.....	—	—	—	—	—	8,373
Interest.....	—	49,503	—	—	—	—
Depreciation and amortization.....	85,602	134	11,639	—	424	5
Other operating expenses.....	3,643	2,353	—	—	32	550
Total operating expenses.....	410,686	55,375	41,741	4,869	3,557	9,153
Operating income (loss).....	136,192	9,090	3,594	(2,968)	81	(5,715)
Nonoperating revenues (expenses):						
Interest income.....	21,980	—	643	—	71	—
Federal revenue.....	—	14,491	—	341	—	—
Costs to be recovered from future revenues.....	24,153	—	—	—	—	—
Interest expense.....	(153,250)	—	(115)	—	—	—
Other nonoperating revenues (expenses).....	642	(14,550)	253	(48)	149	—
Total nonoperating revenues (expenses).....	(106,475)	(59)	781	293	220	—
Income (loss) before operating transfers and extraordinary items.....	29,717	9,031	4,375	(2,675)	301	(5,715)
Operating transfers in.....	—	442	—	380	—	—
Operating transfers out.....	(5,816)	(3,455)	—	(5)	—	—
Income (loss) before extraordinary items.....	23,901	6,018	4,375	(2,300)	301	(5,715)
Extraordinary loss on early extinguishment of debt.....	—	(1,557)	—	—	—	—
Extraordinary gain—other.....	—	—	—	—	10,005	—
Net income (loss).....	23,901	4,461	4,375	(2,300)	10,306	(5,715)
Retained earnings (deficit), July 1, 1992.....	566,197	102,284	86,770	—	(9,006)	19,390
Residual equity transfers in.....	—	—	—	28,337	—	—
Residual equity transfers out.....	—	—	—	(57)	—	—
Retained earnings, June 30, 1993.....	590,098	106,745	91,145	25,980	1,300	13,675
Contributed capital, July 1, 1992.....	34,438	—	148,768	—	6,628	—
Additions to contributed capital.....	—	—	27,476	3,491	—	—
Deductions from contributed capital.....	—	—	—	—	—	—
Fund equity, June 30, 1993.....	\$ 624,536	\$ 106,745	\$ 267,389	\$ 29,471	\$ 7,928	\$ 13,675

<u>Second Injury</u>	<u>Education Assistance Authority</u>	<u>Research Authority</u>	<u>Canteens</u>	<u>Public Railways Commission</u>	<u>Other Enterprise</u>	<u>Elimina- tions</u>	<u>Totals</u>
\$ 1,097	\$ 2,946	\$ 36,714	\$ —	\$ —	\$ 20,633	\$ —	\$ 661,554
—	—	—	—	—	61	—	61
—	16,530	—	—	—	877	—	82,898
<u>1,097</u>	<u>19,476</u>	<u>36,714</u>	<u>—</u>	<u>—</u>	<u>21,571</u>	<u>—</u>	<u>744,513</u>
1,033	5,972	33,233	—	—	19,437	—	422,798
—	—	—	—	—	—	—	8,373
—	17,800	—	—	—	39	—	67,342
29	127	1,868	—	—	363	—	100,191
55	711	290	—	—	48	—	7,682
<u>1,117</u>	<u>24,610</u>	<u>35,391</u>	<u>—</u>	<u>—</u>	<u>19,887</u>	<u>—</u>	<u>606,386</u>
<u>(20)</u>	<u>(5,134)</u>	<u>1,323</u>	<u>—</u>	<u>—</u>	<u>1,684</u>	<u>—</u>	<u>138,127</u>
—	—	175	—	—	399	—	23,268
—	11,440	—	—	—	—	—	26,272
—	—	—	—	—	—	—	24,153
—	—	(892)	—	—	(920)	—	(155,177)
—	(4,611)	(18)	—	—	255	—	(17,928)
<u>—</u>	<u>6,829</u>	<u>(735)</u>	<u>—</u>	<u>—</u>	<u>(266)</u>	<u>—</u>	<u>(99,412)</u>
(20)	1,695	588	—	—	1,418	—	38,715
—	4,775	—	—	—	1,135	(3,460)	3,272
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,460</u>	<u>(5,816)</u>
(20)	6,470	588	—	—	2,553	—	36,171
—	—	(216)	—	—	—	—	(1,773)
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,005</u>
(20)	6,470	372	—	—	2,553	—	44,403
125	56,849	4,116	5,572	7,728	10,575	—	850,600
—	—	—	—	—	17,537	—	45,874
<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,572)</u>	<u>(7,728)</u>	<u>(9,157)</u>	<u>—</u>	<u>(22,514)</u>
105	63,319	4,488	—	—	21,508	—	918,363
—	—	11,783	12	1,760	2,475	—	205,864
—	—	—	—	—	3,623	—	34,590
<u>—</u>	<u>—</u>	<u>—</u>	<u>(12)</u>	<u>(1,760)</u>	<u>—</u>	<u>—</u>	<u>(1,772)</u>
<u>\$ 105</u>	<u>\$ 63,319</u>	<u>\$ 16,271</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 27,606</u>	<u>\$ —</u>	<u>\$ 1,157,045</u>

Combining Statement of Cash Flows

ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Jobs- Economic Development Authority	Patriots Point Development Authority
Cash flows from operating activities:					
Operating income (loss)	\$ 136,192	\$ 9,090	\$ 3,594	\$ (2,968)	\$ 81
Adjustments to reconcile operating income (loss) to net cash provided by operations:					
Depreciation and amortization	85,602	134	11,639	—	424
Provisions for loan losses and bad debts	—	—	—	3,529	—
Loss on disposition of property and equipment	—	29	—	—	—
Issuance of loans	—	(24,992)	—	—	—
Collection of loans	—	94,666	—	—	—
Interest payments	—	49,503	—	—	—
Interest on investments	—	(10,122)	—	—	—
Amounts received for payment of claims	—	—	—	—	—
Payment of claims	—	—	—	—	—
Other	540	(599)	(66)	(152)	277
Change in assets--decreases (increases):					
Accounts receivable, net	(3,931)	6	(143)	(202)	28
Due from Federal government and other grantors	—	—	—	—	—
Due from other funds	—	—	—	—	—
Inventories	(11,437)	—	59	—	(22)
Other restricted assets	—	—	—	—	—
Other current assets	70	—	(1)	—	4
Deferred charges	—	—	—	—	—
Change in liabilities--increases (decreases):					
Accounts payable and accrued liabilities	6,348	573	(1,421)	(45)	(868)
Insurance claims incurred but not reported	—	—	—	—	—
Due to other funds	—	—	—	53	16
Interfund payables	—	—	—	—	—
Deferred revenues	7,355	—	—	(8)	—
Deposits	—	—	—	17	—
Deferred compensation	—	—	—	—	—
Liabilities payable from restricted assets	—	—	—	—	—
Compensated absences payable	—	—	—	—	—
Other liabilities, including retainages payable	18,815	—	2,312	—	—
Net cash and cash equivalents provided by (used in) operating activities	239,554	118,288	15,973	224	(60)
Cash flows from noncapital financing activities:					
Proceeds from loans made by other funds	—	—	—	—	6,000
Principal payments made to other funds	—	—	—	—	(25)
Interest payments made to other funds	—	—	—	—	—
Proceeds from sale of revenue bonds	—	34,831	—	—	—
Principal payments on revenue bonds	—	(157,888)	—	—	—
Proceeds from notes payable	—	—	—	—	—
Principal payments on notes payable	—	—	—	—	—
Interest payments	—	(54,882)	—	—	—
Payment of bond issuance costs	—	(1,116)	—	—	—
Federal revenue	—	14,492	—	341	—
Payments from Federal grants	—	(14,492)	—	—	—
Operating transfers in	—	442	—	380	—
Operating transfers out	(5,816)	(3,455)	—	(5)	—
Residual equity transfers in	—	—	—	5,911	—
Residual equity transfers out	—	—	—	—	—
Net cash and cash equivalents provided by (used in) noncapital financing activities	(5,816)	(182,068)	—	6,627	5,975

<u>Patients' Compensation</u>	<u>Second Injury</u>	<u>Education Assistance Authority</u>	<u>Research Authority</u>	<u>Canteens</u>	<u>Public Railways Commission</u>	<u>Other Enterprise</u>	<u>Eliminations</u>	<u>Totals</u>
\$ (5,715)	\$ (20)	\$ (5,134)	\$ 1,323	\$ —	\$ —	\$ 1,684	\$ —	\$ 138,127
5	29	127	1,868	—	—	363	—	100,191
—	—	—	—	—	—	73	—	3,602
—	—	1	—	—	—	84	—	114
—	—	(69,930)	—	—	—	(1,875)	—	(96,797)
—	—	35,319	—	—	—	205	—	130,190
—	—	17,685	—	—	—	—	—	67,188
(1,180)	—	(5,009)	—	—	—	—	—	(16,311)
—	39,229	—	—	—	—	—	—	39,229
—	(48,823)	—	—	—	—	—	—	(48,823)
—	5	(347)	(18)	—	—	152	—	(208)
—	—	(967)	63	—	—	151	—	(4,995)
—	—	(121)	(2,352)	—	—	(256)	—	(2,729)
—	—	—	—	—	—	(1,023)	48	(975)
—	—	—	—	—	—	159	—	(11,241)
—	—	392	—	—	—	—	—	392
—	—	(6)	735	—	—	(38)	—	764
—	—	399	—	—	—	4	—	403
(5,851)	(1,717)	70	960	—	—	1,469	—	(482)
(345)	—	—	—	—	—	—	—	(345)
—	(99)	—	—	—	—	(97)	(48)	(175)
—	—	—	—	—	—	102	—	102
—	—	2	(1,961)	—	—	(32)	—	5,356
—	—	—	—	—	—	5	—	22
—	—	—	61	—	—	—	—	61
—	—	—	—	—	—	425	—	425
2	(2)	6	—	—	—	160	—	166
—	—	—	—	—	—	(125)	—	21,002
(13,084)	(11,398)	(27,513)	679	—	—	1,590	—	324,253
—	—	—	—	—	—	1,349	—	7,349
—	—	—	—	—	—	—	—	(25)
—	—	—	—	—	—	(483)	—	(483)
—	—	—	—	—	—	—	—	34,831
—	—	(22,480)	—	—	—	—	—	(180,368)
—	—	2,155	—	—	—	538	—	2,693
—	—	—	—	—	—	(139)	—	(139)
—	—	(17,507)	—	—	—	—	—	(72,389)
—	—	(10)	—	—	—	—	—	(1,126)
—	—	11,440	—	—	—	—	—	26,273
—	—	—	—	—	—	—	—	(14,492)
—	—	4,775	—	—	—	1,135	(3,460)	3,272
—	—	—	—	—	—	—	3,460	(5,816)
—	—	—	—	—	—	15,683	—	21,594
—	—	—	—	(4,291)	(8,083)	(5,873)	—	(18,247)
—	—	(21,627)	—	(4,291)	(8,083)	12,210	—	(197,073)

Continued on Next Page

Combining Statement of Cash Flows

ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Jobs- Economic Development Authority	Patriots Point Development Authority
Cash flows from capital and related financing activities:					
Acquisition of property, plant, and equipment.....	\$ (235,279)	\$ (110)	\$ (78,228)	\$ —	\$ (243)
Proceeds from sale of revenue bonds.....	544,843	—	1,429	—	—
Principal payments on revenue bonds.....	(228,003)	—	(300)	—	(8,195)
Interest payments	(167,613)	—	(4,919)	—	—
Payment of bond issuance costs.....	(7,699)	—	—	—	—
Increase in commercial paper notes	(2,250)	—	—	—	—
Proceeds from notes payable	—	—	—	—	—
Principal payments on notes payable	—	—	—	—	—
Principal payments on capital leases and installment debt obligations payable	(3,052)	(6)	(248)	—	—
Additions to deferred loan costs	—	—	—	—	—
Contributions of capital	—	—	27,476	—	—
Net cash and cash equivalents used in capital and related financing activities.....	(99,053)	(116)	(54,790)	—	(8,438)
Cash flows from investing activities:					
Proceeds from sale of investments.....	—	157	61,628	—	3,926
Purchase of investments	(215,041)	—	(33,610)	—	—
Interest on investments.....	39,769	10,752	3,557	—	71
Issuance of loans	—	—	—	(6,420)	—
Collection of loans	—	—	—	4,509	—
Net cash and cash equivalents provided by (used in) investing activities.....	(175,272)	10,909	31,575	(1,911)	3,997
Net increase (decrease) in cash and cash equivalents.....	(40,587)	(52,987)	(7,242)	4,940	1,474
Cash and cash equivalents, July 1, 1992.....	229,083	196,105	29,574	—	767
Cash and cash equivalents, June 30, 1993.....	\$ 188,496	\$ 143,118	\$ 22,332	\$ 4,940	\$ 2,241
Noncash capital and financing activities:					
Acquisition of property and equipment through:					
Increase in accounts payable.....	\$ —	\$ —	\$ 989	\$ —	\$ —
Contributions and transfers.....	—	—	—	53	149
Amortization and write-off of bond issue discount.....	—	—	55	—	—
Total noncash capital and financing activities.....	\$ —	\$ —	\$ 1,044	\$ 53	\$ 149

Patients' Compensation	Second Injury	Education Assistance Authority	Research Authority	Canteens	Public Railways Commission	Other Enterprise	Eliminations	Totals
\$ —	\$ (9)	\$ (349)	\$ (3,285)	\$ —	\$ —	\$ (2,304)	\$ —	\$ (319,807)
—	—	—	—	—	—	—	—	546,272
—	—	—	—	—	—	—	—	(236,498)
—	—	—	(892)	—	—	(171)	—	(173,595)
—	—	—	—	—	—	—	—	(7,699)
—	—	—	—	—	—	—	—	(2,250)
—	—	—	11,600	—	—	427	—	12,027
—	—	—	(9,079)	—	—	—	—	(9,079)
—	—	—	(278)	—	—	—	—	(3,584)
—	—	—	(14)	—	—	—	—	(14)
—	—	—	—	—	—	1,373	—	28,849
—	(9)	(349)	(1,948)	—	—	(675)	—	(165,378)
—	—	5,110	—	—	—	700	—	71,521
—	—	(4,974)	—	—	—	(374)	—	(253,999)
1,216	1,955	4,983	175	—	—	381	—	62,859
—	—	—	—	—	—	—	—	(6,420)
—	—	—	—	—	—	—	—	4,509
1,216	1,955	5,119	175	—	—	707	—	(121,530)
(11,868)	(9,452)	(44,370)	(1,094)	(4,291)	(8,083)	13,832	—	(159,728)
46,237	34,462	95,612	4,313	4,291	8,083	7,080	—	655,607
<u>\$ 34,369</u>	<u>\$ 25,010</u>	<u>\$ 51,242</u>	<u>\$ 3,219</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 20,912</u>	<u>\$ —</u>	<u>\$ 495,879</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 153	\$ —	\$ 1,142
—	—	—	—	—	—	1,257	—	1,459
—	—	—	—	—	—	—	—	55
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,410</u>	<u>\$ —</u>	<u>\$ 2,656</u>

**Photograph is not available
in web version of CAFR**

Before radio, television and movies, public entertainment came largely from touring companies. This vaudeville troupe found Columbia's Main Street in the 1890s to be a bumpy and unpaved thoroughfare.

Internal Service Funds

Internal Service Funds provide goods/services to other funds, other component units, or other governments on a cost-reimbursement basis. The State uses the following Internal Service Funds:

Insurance Reserve Fund. This is a risk management/reinsurance fund. It underwrites insurance risks on public buildings and their contents and tort liability, medical malpractice, and automobile liability for public employees. The Fund's customers are limited by law to certain governmental persons/entities within the State and certain associated parties.

Health and Disability Insurance Fund. This is a risk management fund which underwrites the group health, dental, and related benefits provided to State and public school employees and retirees.

Workers' Compensation Fund. This is a risk management fund which provides workers' compensation benefits to State employees. Premiums are collected from State agencies.

State Employee Unemployment Compensation Fund. This is a risk management fund that provides unemployment benefits to prior State employees. Premiums are collected from State agencies.

General Services Fund. This fund accounts for various services provided to State and local governmental units for which user fees are charged. These services include rental of office buildings, janitorial services, building maintenance, and procurement services.

Central Supplies and Equipment Fund. This fund sells office supplies and equipment, food, and

paper products to other governmental units. It also stores food and paper products for State agencies.

Information Resources Management Fund. This fund provides telecommunication services and equipment, computer services, information technology planning and assistance in equipment and system selections, and printing services to governmental entities.

Motor Pool Fund. This fund provides daily and permanent lease assignments of vehicles to State agencies. It also maintains an inventory of automotive parts to provide maintenance of these vehicles.

Highway Department Internal Service Fund. This fund accounts for various service activities of the Department of Highways and Public Transportation. The fund provides data processing and printing services, equipment rentals, and office and engineering supplies to other divisions and county offices of the Department.

Pension Administration Fund. This fund administers the public employee retirement systems. Revenues of the fund primarily consist of assessments charged to the Pension Trust Funds.

Prison Industries Fund. This fund accounts for goods produced by inmate labor. These goods are sold primarily to State agencies.

Other Internal Service Funds. These funds, aggregated for reporting purposes, account for other miscellaneous activities that meet the definition of Internal Service Funds. Such activities include provision of training programs for State employees and work activity centers of the Department of Vocational Rehabilitation.

Photograph is not available
in web version of CAFR

The War Between the States began at South Carolina's Fort Sumter in 1861, and for all purposes it ended in the State also. The Stark House in Abbeville was the site of the last meeting of the Confederate Cabinet on May 2, 1865, as its members fled south after the fall of Richmond. It was at this meeting that President Jefferson Davis met with the War Council of the Confederate Forces and formally disbanded the Confederate armies.

Combining Balance Sheet

INTERNAL SERVICE FUNDS

June 30, 1993

(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services	Central Supplies and Equipment
ASSETS						
Current assets:						
Cash and cash equivalents.....	\$ 244,078	\$ 117,678	\$ 44,854	\$ 3,137	\$ 6,283	\$ 1,144
Accounts receivable, net.....	22,740	452	2,496	—	181	51
Loans and notes receivable, net.....	332	—	—	—	—	—
Due from Federal government and other grantors.....	—	—	—	—	148	—
Due from other funds.....	187	12,410	5,065	5	1,229	1,263
Interfund receivables.....	3,035	—	—	—	2,397	—
Inventories.....	—	—	—	—	185	3,325
Other current assets.....	870	—	—	—	—	—
Total current assets.....	271,242	130,540	52,415	3,142	10,423	5,783
Long-term assets:						
Long-term investments.....	—	13,759	—	—	—	—
Advances to other funds.....	34,497	—	—	—	22,193	—
Total long-term assets.....	34,497	13,759	—	—	22,193	—
Property, plant, and equipment:						
Land and improvements.....	—	—	—	—	4,571	—
Buildings and improvements.....	—	—	—	—	118,563	—
Machinery, equipment, and other	828	548	443	—	2,211	33
Construction in progress.....	—	—	—	—	8,301	—
Less: accumulated depreciation.....	(492)	(194)	(223)	—	(31,280)	(24)
Total property, plant, and equipment, net.....	336	354	220	—	102,366	9
Total assets.....	\$ 306,075	\$ 144,653	\$ 52,635	\$ 3,142	\$ 134,982	\$ 5,792
LIABILITIES AND FUND EQUITY						
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities.....	\$ 109,832	\$ 8,915	\$ 24,043	\$ —	\$ 1,561	\$ 909
Insurance claims incurred but not reported.....	56,650	56,346	721	—	—	—
Due to other funds.....	12	150	2,360	1,142	307	10
Interfund payables.....	—	—	—	—	4,748	1,100
Deferred revenues.....	11,616	—	1,593	—	—	—
Capital lease and installment debt obligations payable.....	—	—	—	—	1,475	—
Compensated absences payable.....	174	190	154	—	658	13
Other current liabilities, including retainages payable.....	—	—	—	—	85	—
Total current liabilities.....	178,284	65,601	28,871	1,142	8,834	2,032
Long-term liabilities:						
Accrued liabilities.....	—	10,613	29,322	—	—	—
Insurance claims incurred but not reported.....	—	—	1,070	—	—	—
Advances from other funds.....	—	—	—	—	38,234	—
Capital lease and installment debt obligations payable.....	—	—	—	—	35,879	—
Total long-term liabilities.....	—	10,613	30,392	—	74,113	—
Total liabilities.....	178,284	76,214	59,263	1,142	82,947	2,032
Fund Equity:						
Contributed capital.....	11	11	—	—	60,483	—
Retained earnings (deficits).....	127,780	68,428	(6,628)	2,000	(8,448)	3,760
Total fund equity (deficit).....	127,791	68,439	(6,628)	2,000	52,035	3,760
Total liabilities and fund equity.....	\$ 306,075	\$ 144,653	\$ 52,635	\$ 3,142	\$ 134,982	\$ 5,792

Information Resources Management	Motor Pool	Highway Department Internal Service	Pension Adminis- tration	Prison Industries	Other Internal Service	Elimina- tions	Totals
\$ 10,193	\$ 3,112	\$ 9,308	\$ 1,294	\$ 3,051	\$ 6,668	\$ —	\$ 450,800
55	—	—	—	551	67	—	26,593
—	—	—	—	—	—	—	332
—	—	—	—	—	—	—	148
3,272	921	—	—	344	2	(4,587)	20,111
274	—	—	—	—	—	(3,741)	1,965
1,176	9	—	—	1,344	—	—	6,039
—	—	—	—	—	—	—	870
<u>14,970</u>	<u>4,042</u>	<u>9,308</u>	<u>1,294</u>	<u>5,290</u>	<u>6,737</u>	<u>(8,328)</u>	<u>506,858</u>
—	—	—	—	—	—	—	13,759
—	—	—	—	—	—	(38,183)	18,507
—	—	—	—	—	—	(38,183)	32,266
—	220	—	—	—	—	—	4,791
—	465	—	—	—	—	—	119,028
58,090	12,689	8,928	1,683	6,521	231	—	92,205
—	177	—	—	—	—	—	8,478
(50,129)	(7,169)	(4,585)	(833)	(4,524)	(67)	—	(99,520)
<u>7,961</u>	<u>6,382</u>	<u>4,343</u>	<u>850</u>	<u>1,997</u>	<u>164</u>	<u>—</u>	<u>124,982</u>
<u>\$ 22,931</u>	<u>\$ 10,424</u>	<u>\$ 13,651</u>	<u>\$ 2,144</u>	<u>\$ 7,287</u>	<u>\$ 6,901</u>	<u>\$ (46,511)</u>	<u>\$ 664,106</u>
\$ 2,556	\$ 173	\$ 1	\$ 443	\$ 674	\$ 662	\$ —	\$ 149,769
—	—	—	—	—	—	—	113,717
183	130	—	103	167	23	(4,587)	—
705	52	—	—	—	—	(3,741)	2,864
—	—	—	—	—	—	—	13,209
2,620	—	—	—	1	—	—	4,096
690	103	—	428	276	47	—	2,733
—	—	—	—	—	—	—	85
<u>6,754</u>	<u>458</u>	<u>1</u>	<u>974</u>	<u>1,118</u>	<u>732</u>	<u>(8,328)</u>	<u>286,473</u>
—	—	—	—	—	—	—	39,935
—	—	—	—	—	—	—	1,070
11,042	115	—	—	—	—	(38,183)	11,208
—	—	—	—	—	—	—	35,879
<u>11,042</u>	<u>115</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(38,183)</u>	<u>88,092</u>
<u>17,796</u>	<u>573</u>	<u>1</u>	<u>974</u>	<u>1,118</u>	<u>732</u>	<u>(46,511)</u>	<u>374,565</u>
313	37	13,967	8	3,280	128	—	78,238
4,822	9,814	(317)	1,162	2,889	6,041	—	211,303
<u>5,135</u>	<u>9,851</u>	<u>13,650</u>	<u>1,170</u>	<u>6,169</u>	<u>6,169</u>	<u>—</u>	<u>289,541</u>
<u>\$ 22,931</u>	<u>\$ 10,424</u>	<u>\$ 13,651</u>	<u>\$ 2,144</u>	<u>\$ 7,287</u>	<u>\$ 6,901</u>	<u>\$ (46,511)</u>	<u>\$ 664,106</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Equity

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services	Central Supplies and Equipment
Operating revenues:						
Charges for services.....	\$ 42,880	\$ 478,717	\$ —	\$ —	\$ 23,974	\$ 15,331
Contributions.....	—	—	26,126	3,678	1	—
Interest and other investment income.....	17,652	3,917	1,184	—	—	—
Licenses, fees, and permits.....	—	—	—	—	—	—
Total operating revenues.....	60,532	482,634	27,310	3,678	23,975	15,331
Operating expenses:						
General operations and administration.....	42,587	59,216	3,558	68	18,464	15,295
Benefits and claims.....	27,766	391,819	31,183	2,470	—	—
Depreciation	107	69	46	—	2,599	3
Other operating expenses.....	—	—	57	—	565	1
Total operating expenses.....	70,460	451,104	34,844	2,538	21,628	15,299
Operating income (loss).....	(9,928)	31,530	(7,534)	1,140	2,347	32
Nonoperating revenues (expenses):						
Interest income.....	—	—	454	—	1,963	—
Federal revenue.....	—	—	—	—	224	—
Interest expense.....	—	—	—	—	(5,720)	—
Other nonoperating revenues (expenses).....	—	—	(45)	—	5	110
Total nonoperating revenues (expenses).....	—	—	409	—	(3,528)	110
Income (loss) before operating transfers.....	(9,928)	31,530	(7,125)	1,140	(1,181)	142
Operating transfers in.....	—	—	1,140	—	2,730	—
Operating transfers out.....	(625)	(407)	—	(1,140)	(578)	(78)
Net income (loss).....	(10,553)	31,123	(5,985)	—	971	64
Retained earnings (deficits), July 1, 1992.....	138,319	37,319	(643)	2,000	(9,419)	3,696
Residual equity transfers in.....	14	—	—	—	—	—
Residual equity transfers out.....	—	(14)	—	—	—	—
Retained earnings (deficits), June 30, 1993.....	127,780	68,428	(6,628)	2,000	(8,448)	3,760
Contributed capital, July 1, 1992.....	11	11	—	—	60,373	—
Additions to contributed capital.....	—	—	—	—	180	—
Deductions from contributed capital.....	—	—	—	—	(70)	—
Fund equity (deficit), June 30, 1993.....	\$ 127,791	\$ 68,439	\$ (6,628)	\$ 2,000	\$ 52,035	\$ 3,760

Information Resources Management	Motor Pool	Highway Department Internal Service	Pension Adminis- tration	Prison Industries	Other Internal Service	Elimina- tions	Totals
\$ 28,102	\$ 7,091	\$ 2,255	\$ —	\$ 10,879	\$ 1,012	\$ —	\$ 610,241
—	—	—	—	—	4	—	29,809
—	—	—	—	—	—	—	22,753
—	—	—	—	—	257	—	257
28,102	7,091	2,255	—	10,879	1,273	—	663,060
19,844	3,165	964	6,606	10,145	913	—	180,825
—	—	—	—	—	—	—	453,238
6,764	2,686	1,409	225	459	11	—	14,378
142	8	34	86	17	15	—	925
26,750	5,859	2,407	6,917	10,621	939	—	649,366
1,352	1,232	(152)	(6,917)	258	334	—	13,694
152	—	—	—	—	257	—	2,826
70	—	—	—	—	—	—	294
(1,357)	(15)	—	—	(1)	—	—	(7,093)
17	(65)	—	136	6	—	—	164
(1,118)	(80)	—	136	5	257	—	(3,809)
234	1,152	(152)	(6,781)	263	591	—	9,885
1,680	—	—	7,533	—	7	(3,112)	9,978
(264)	(365)	—	—	—	—	3,112	(345)
1,650	787	(152)	752	263	598	—	19,518
3,172	9,027	(165)	410	2,626	5,443	—	191,785
—	—	—	—	—	—	—	14
—	—	—	—	—	—	—	(14)
4,822	9,814	(317)	1,162	2,889	6,041	—	211,303
401	173	13,518	8	3,198	128	—	77,821
1	37	1,627	—	82	—	—	1,927
(89)	(173)	(1,178)	—	—	—	—	(1,510)
\$ 5,135	\$ 9,851	\$ 13,650	\$ 1,170	\$ 6,169	\$ 6,169	\$ —	\$ 289,541

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unem- ployment Compensation	General Services
Cash flows from operating activities:					
Operating income (loss).....	\$ (9,928)	\$ 31,530	\$ (7,534)	\$ 1,140	\$ 2,347
Adjustments to reconcile operating income (loss) to net cash provided by operations:					
Depreciation	107	69	46	—	2,599
Loss (gain) on disposition of property and equipment.....	—	—	—	—	36
Interest on investments and interfund loans.....	(17,323)	(2,980)	(1,184)	—	—
Other nonoperating revenues.....	—	—	—	—	41
Other nonoperating expenses.....	—	—	(45)	—	(36)
Other.....	2	—	—	—	92
Change in assets--decreases (increases):					
Accounts receivable, net.....	6,463	(33)	941	—	—
Due from Federal government and other grantors	—	—	—	—	(148)
Due from other funds	(102)	(1,004)	4,173	(5)	(725)
Inventories.....	—	—	—	—	8
Other current assets.....	(444)	—	—	—	—
Change in liabilities--increases (decreases):					
Accounts payable and accrued liabilities.....	13,729	(2,971)	11,763	—	(268)
Insurance claims incurred but not reported.....	2,716	(8,237)	(1,621)	—	—
Due to other funds.....	(12)	101	2,280	1,117	(249)
Interfund payables.....	—	—	—	—	—
Deferred revenues	(3,803)	(559)	755	—	—
Compensated absences payable.....	1	32	5	—	46
Other liabilities, including retainages payable.....	—	—	—	—	(55)
Net cash and cash equivalents provided by (used in) operating activities.....	(8,594)	15,948	9,579	2,252	3,688
Cash flows from noncapital financing activities:					
Principal payments received from other funds.....	3,043	—	—	—	2,388
Proceeds from loans made by other funds.....	—	—	—	—	2,282
Principal payments made to other funds.....	—	—	(4)	—	(2,475)
Receipt of interest from other funds.....	2,378	—	—	—	1,857
Interest payments made to other funds.....	—	—	—	—	(1,519)
Loans made to other funds.....	(3,632)	—	—	—	(2,282)
Federal revenue.....	—	—	—	—	132
Operating transfers in.....	—	—	1,140	—	2,730
Operating transfers out.....	(625)	(407)	—	(1,140)	(578)
Net cash and cash equivalents provided by (used in) noncapital financing activities.....	1,164	(407)	1,136	(1,140)	2,535

Central Supplies and Equipment	Information Resources Management	Motor Pool	Highway Department Internal Service	Pension Adminis- tration	Prison Industries	Other Internal Service	Elimina- tions	Totals
\$ 32	\$ 1,352	\$ 1,232	\$ (152)	\$ (6,917)	\$ 258	\$ 334	\$ —	\$ 13,694
3	6,764	2,686	1,409	225	459	11	—	14,378
—	104	65	—	1	(14)	—	—	192
—	—	—	—	—	—	—	—	(21,487)
110	121	—	—	136	14	—	—	422
—	(104)	(65)	—	—	(8)	—	—	(258)
—	—	—	—	—	—	—	—	94
(24)	(2)	—	—	—	(81)	(13)	—	7,251
—	—	—	—	—	—	—	—	(148)
(200)	(1,096)	69	—	—	4	5	3,275	4,394
(160)	(237)	(9)	—	—	(117)	—	—	(515)
—	—	—	—	—	—	—	—	(444)
(115)	336	36	(1)	(12)	34	(151)	—	22,380
—	—	—	—	—	—	—	—	(7,142)
(21)	9	4	—	(4)	57	(7)	(3,275)	—
100	—	—	—	—	—	—	—	100
—	—	—	—	—	—	—	—	(3,607)
(3)	55	7	—	19	19	(5)	—	176
—	—	—	—	—	—	—	—	(55)
(278)	7,302	4,025	1,256	(6,552)	625	174	—	29,425
—	517	—	—	—	—	—	—	5,948
—	—	—	—	—	—	—	—	2,282
—	—	(92)	—	—	—	—	—	(2,571)
—	44	—	—	—	—	—	—	4,279
—	—	(15)	—	—	—	—	—	(1,534)
—	—	—	—	—	—	—	—	(5,914)
—	70	—	—	—	—	—	—	202
—	1,680	—	—	7,533	—	7	(3,112)	9,978
(78)	(264)	(365)	—	—	—	—	3,112	(345)
(78)	2,047	(472)	—	7,533	—	7	—	12,325

Continued on Next Page

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS (Continued)

For the Fiscal Year Ended June 30, 1993

(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services
Cash flows from capital and related financing activities:					
Acquisition of property, plant, and equipment.....	\$ (193)	\$ (31)	\$ (27)	\$ —	\$ (449)
Proceeds from loans made by other funds.....	—	—	—	—	240
Principal payments made to other funds.....	—	—	—	—	(2,131)
Interest payments made to other funds.....	—	—	—	—	(1,116)
Interest payments.....	—	—	—	—	(3,085)
Principal payments on capital leases and installment debt obligations payable.....	—	—	—	—	(1,344)
Contributions of capital.....	—	—	—	—	180
Reductions of contributed capital.....	—	—	—	—	(70)
Net cash and cash equivalents used in capital and related financing activities.....	(193)	(31)	(27)	—	(7,775)
Cash flows from investing activities:					
Proceeds from sale of investments.....	—	25,222	—	—	—
Purchase of investments.....	—	(26,998)	—	—	—
Interest on investments.....	14,946	2,980	1,638	—	106
Principal payments received on notes receivable.....	25	—	—	—	—
Net cash and cash equivalents provided by investing activities.....	14,971	1,204	1,638	—	106
Net increase (decrease) in cash and cash equivalents.....	7,348	16,714	12,326	1,112	(1,446)
Cash and cash equivalents, July 1, 1992.....	236,730	100,964	32,528	2,025	7,729
Cash and cash equivalents, June 30, 1993.....	\$ 244,078	\$ 117,678	\$ 44,854	\$ 3,137	\$ 6,283
Noncash capital and financing activities:					
Acquisition of property and equipment through contributions and transfers from other funds.....	\$ —	\$ —	\$ —	\$ —	\$ —

Central Supplies and Equipment	Information Resources Management	Motor Pool	Highway Department Internal Service	Pension Adminis- tration	Prison Industries	Other Internal Service	Elimina- tions	Totals
\$ —	\$ (2,329)	\$ (3,113)	\$ —	\$ (390)	\$ (191)	\$ (18)	\$ —	\$ (6,741)
—	892	—	—	—	—	—	—	1,132
—	(1,217)	—	—	—	—	—	—	(3,348)
—	(916)	—	—	—	—	—	—	(2,032)
—	(441)	—	—	—	(1)	—	—	(3,527)
—	(5,061)	—	—	—	(10)	—	—	(6,415)
—	1	—	—	—	—	—	—	181
—	—	—	—	—	—	—	—	(70)
—	(9,071)	(3,113)	—	(390)	(202)	(18)	—	(20,820)
—	—	—	—	—	—	—	—	25,222
—	—	—	—	—	—	—	—	(26,998)
—	108	—	—	—	—	257	—	20,035
—	—	—	—	—	—	—	—	25
—	108	—	—	—	—	257	—	18,284
(356)	386	440	1,256	591	423	420	—	39,214
1,500	9,807	2,672	8,052	703	2,628	6,248	—	411,586
<u>\$ 1,144</u>	<u>\$ 10,193</u>	<u>\$ 3,112</u>	<u>\$ 9,308</u>	<u>\$ 1,294</u>	<u>\$ 3,051</u>	<u>\$ 6,668</u>	<u>\$ —</u>	<u>\$ 450,800</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ 37</u>	<u>\$ 1,627</u>	<u>\$ —</u>	<u>\$ 82</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,746</u>

**Photograph is not available
in web version of CAFR**

Especially in the early 1900s, the arrival of the circus in a community was a major event.

Fiduciary Funds

Fiduciary Funds account for resources the State holds as trustee or agent for individuals, private organizations, or other governmental units.

EXPENDABLE TRUST FUNDS

Expendable Trust Funds account for resources the State holds as trustee. Both the principal and earnings of Expendable Trust Funds may be used for purposes allowed under the trust agreements. The State uses the following Expendable Trust Funds:

Radioactive Waste Contingency Fund. A private company operates a low-level radioactive waste disposal facility within the State. The State and the company have entered into a trust agreement with the State Treasurer as trustee. The company has deposited monies into the trust fund to provide for site cleanup in the event that there is seepage into the groundwater or the site is abandoned.

Unemployment Compensation Benefits Fund. This fund accounts for the State's unemployment compensation benefits. Revenues consist of taxes assessed on employers to pay benefits to qualified unemployed persons.

Other Expendable Trust Funds. These funds, aggregated for presentation purposes, account for other miscellaneous expendable trust funds. These are generally resources given to the State through trust agreements and provide for such items as scholarship funds, maintenance and operation of specific properties, and construction of monuments.

NONEXPENDABLE TRUST FUNDS

These funds account for resources the State holds as trustee. The principal of these funds must be preserved and only the earnings may be used for the purposes allowed under the trust agreement. Most of the resources in these funds were bequeathed to the State via wills of deceased persons.

PENSION TRUST FUNDS

Pension Trust Funds account for the following five public employee retirement systems that the State administers:

South Carolina Retirement System. This is a multiple-employer pension system that benefits employees of the State, public schools, and political subdivisions of the State.

Police Officers' Retirement System. This is a multiple-employer pension system that benefits police officers and fire fighters employed by the State or its political subdivisions.

General Assembly Retirement System. This is a single-employer pension system that benefits members of the South Carolina General Assembly.

Judges' and Solicitors' Retirement System. This is a single-employer pension system that benefits the judges of the State's Supreme Court, Court of Appeals, circuit courts, family courts, and the State's circuit solicitors.

National Guard Pension System. The State administers this single-employer pension system that provides a supplemental retirement benefit to South Carolina members of the National Guard. The State is a nonemployer contributor to the system.

AGENCY FUNDS

Agency Funds are custodial in nature. They generally represent amounts held by the State on behalf of third parties. The State uses the following Agency Funds:

Deferred Compensation Plans. This fund accounts for the Section 457, Section 401(k), and Section 403(b) deferred compensation plans offered to employees of the State, its component units, and various local governmental units.

Insurance Company Deposits Fund. This fund accounts for deposits which are required to be made by insurance companies in lieu of surety bonds.

Local Government Investment Pool. Excess public monies are deposited into this fund by various local governmental units and other political subdivisions of the State. The State Treasurer invests these monies in order to allow these participating governmental units to realize a higher income on their investments by pooling their investments.

Federal Interfund Activity Fund. This fund accounts for Federal grants and entitlements that are first received by one State agency and eventually will be distributed to another State agency.

Payroll Clearing Fund. This fund accounts for employee deductions and contributions for the short period of time between the issuance of payroll checks and payment to the proper recipient.

Other Agency Funds. Balances in these funds, aggregated for presentation purposes, represent amounts held for prisoners and patients of State institutions, cash bonds, unclaimed property, miscellaneous clearing accounts, and other deposits.

Combining Balance Sheet

FIDUCIARY FUNDS

June 30, 1993

(Expressed in Thousands)

	EXPENDABLE TRUST		
	Radioactive Waste Contingency	Unemployment Compensation Benefits	Other Expendable Trust
ASSETS			
Cash and cash equivalents.....	\$ 65,991	\$ 239	\$ 8,719
Cash on deposit with fiscal agents.....	—	465,298	—
Investments.....	—	—	—
Receivables, net:			
Accounts.....	657	—	72
Taxes.....	—	41,384	—
Loans and notes.....	—	—	—
Due from Federal government and other grantors.....	—	2	—
Due from other funds.....	—	2	—
Advances to other funds.....	—	—	—
Property, plant and equipment:			
Land and improvements.....	—	—	—
Buildings and improvements.....	—	—	—
Machinery, equipment, and other.....	—	—	—
Less: accumulated depreciation.....	—	—	—
Other assets.....	—	—	—
Total assets.....	\$ 66,648	\$ 506,925	\$ 8,791
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities.....	\$ 6,287	\$ 3,479	\$ 299
Tax refunds payable.....	—	884	—
Intergovernmental payables.....	—	—	—
Due to other funds.....	—	85	—
Interfund payables.....	—	—	—
Deferred revenues.....	—	2,111	—
Deposits.....	—	—	—
Amounts held in custody for others.....	—	—	—
Deferred compensation.....	—	—	—
Other liabilities.....	—	—	—
Total liabilities.....	6,287	6,559	299
Fund Balances:			
Reserved for:			
Pension and other benefits.....	—	500,366	—
Endowment and similar funds.....	—	—	—
Unreserved, undesignated.....	60,361	—	8,492
Total fund balances.....	60,361	500,366	8,492
Total liabilities and fund balances.....	\$ 66,648	\$ 506,925	\$ 8,791

NONEXPENDABLE TRUST	PENSION TRUST			
	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System
\$ 1,520	\$ 565,442	\$ 96,328	\$ 2,554	\$ 2,153
—	—	—	—	—
10	8,820,750	903,495	23,816	43,680
7	186,386	29,594	411	719
—	—	—	—	—
—	—	—	—	—
—	12,951	2,230	—	27
—	—	—	—	—
—	524	54	2	3
—	4,124	421	12	19
23	—	—	—	—
—	(84)	(9)	—	(1)
—	—	—	—	—
<u>\$ 1,560</u>	<u>\$ 9,590,093</u>	<u>\$ 1,032,113</u>	<u>\$ 26,795</u>	<u>\$ 46,600</u>
\$ —	\$ 126,175	\$ 34,065	\$ 5	\$ —
—	—	—	—	—
—	—	—	—	—
—	11,512	613	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
<u>—</u>	<u>137,687</u>	<u>34,678</u>	<u>5</u>	<u>—</u>
—	9,452,406	997,435	26,790	46,600
1,362	—	—	—	—
198	—	—	—	—
<u>1,560</u>	<u>9,452,406</u>	<u>997,435</u>	<u>26,790</u>	<u>46,600</u>
<u>\$ 1,560</u>	<u>\$ 9,590,093</u>	<u>\$ 1,032,113</u>	<u>\$ 26,795</u>	<u>\$ 46,600</u>

Continued on Next Page

Combining Balance Sheet

FIDUCIARY FUNDS (Continued)

June 30, 1993

(Expressed in Thousands)

	Deferred Compensation Plans	Insurance Company Deposits
ASSETS		
Cash and cash equivalents.....	\$ 200	\$ —
Cash on deposit with fiscal agents.....	—	—
Investments.....	588,655	244,642
Receivables, net:		
Accounts.....	1,699	—
Taxes.....	—	—
Loans and notes.....	10,279	—
Due from Federal government and other grantors.....	—	—
Due from other funds.....	—	—
Advances to other funds.....	—	—
Property, plant and equipment:		
Land and improvements.....	—	—
Buildings and improvements.....	—	—
Machinery, equipment, and other.....	—	—
Less: accumulated depreciation.....	—	—
Other assets.....	3,842	—
Total assets.....	\$ 604,675	\$ 244,642
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities.....	\$ 200	\$ —
Tax refunds payable.....	—	—
Intergovernmental payables.....	—	—
Due to other funds.....	—	—
Interfund payables.....	—	—
Deferred revenues.....	—	—
Deposits.....	—	—
Amounts held in custody for others.....	—	244,642
Deferred compensation.....	604,475	—
Other liabilities.....	—	—
Total liabilities.....	604,675	244,642
Fund Balances:		
Reserved for:		
Pension and other benefits.....	—	—
Endowment and similar funds.....	—	—
Unreserved, undesignated.....	—	—
Total fund balances.....	—	—
Total liabilities and fund balances.....	\$ 604,675	\$ 244,642

AGENCY

Local Government Investment Pool	Federal Interfund Activity	Payroll Clearing	Other Agency	Eliminations	Totals
\$ 30,000	\$ —	\$ 6,732	\$ 72,967	\$ —	\$ 852,845
—	—	—	—	—	465,298
388,294	—	—	—	—	11,013,342
743	—	1	1,086	—	221,375
—	—	—	—	—	41,384
—	—	—	—	—	10,279
—	138	—	—	—	140
—	4,301	32,204	2	(38,709)	13,008
—	—	—	80	—	80
—	—	—	—	—	583
—	—	—	—	—	4,576
—	—	—	—	—	23
—	—	—	—	—	(94)
—	—	—	400	—	4,242
<u>\$ 419,037</u>	<u>\$ 4,439</u>	<u>\$ 38,937</u>	<u>\$ 74,535</u>	<u>\$ (38,709)</u>	<u>\$ 12,627,081</u>
\$ 30,000	\$ —	\$ 152	\$ 2,535	\$ —	\$ 203,197
—	—	—	—	—	884
—	—	—	4	—	4
—	4,149	6,536	49,816	(38,709)	34,002
—	285	18	—	—	303
—	—	—	—	—	2,111
—	—	—	3,704	—	3,704
389,037	5	32,231	18,311	—	684,226
—	—	—	—	—	604,475
—	—	—	165	—	165
<u>419,037</u>	<u>4,439</u>	<u>38,937</u>	<u>74,535</u>	<u>(38,709)</u>	<u>1,533,071</u>
—	—	—	—	—	11,023,597
—	—	—	—	—	1,362
—	—	—	—	—	69,051
—	—	—	—	—	11,094,010
<u>\$ 419,037</u>	<u>\$ 4,439</u>	<u>\$ 38,937</u>	<u>\$ 74,535</u>	<u>\$ (38,709)</u>	<u>\$ 12,627,081</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1993

(Expressed in Thousands)

	Radioactive Waste Contingency	Unemployment Compensation Benefits	Other Expendable Trust	Eliminations	Totals
Revenues:					
Taxes, other.....	\$ —	\$ 170,319	\$ —	\$ —	\$ 170,319
Licenses, fees, and permits.....	2,260	—	—	—	2,260
Interest and other investment income.....	2,623	41,949	628	—	45,200
Federal.....	—	97,844	—	—	97,844
Other.....	—	218	36	—	254
Total revenues.....	4,883	310,330	664	—	315,877
Expenditures:					
Current:					
General governmental.....	—	292,793	458	—	293,251
Individual and family services.....	—	—	48	—	48
Administration of justice.....	—	—	17	—	17
Intergovernmental.....	—	—	87	—	87
Total expenditures.....	—	292,793	610	—	293,403
Revenues over expenditures.....	4,883	17,537	54	—	22,474
Other financing sources (uses):					
Operating transfers in.....	—	2,305	—	(1,100)	1,205
Operating transfers out.....	—	(1,387)	(52)	1,100	(339)
Total other financing sources (uses)....	—	918	(52)	—	866
Revenues and other sources over expenditures and other uses.....	4,883	18,455	2	—	23,340
Fund balances, July 1, 1992.....	55,478	481,911	8,490	—	545,879
Fund balances, June 30, 1993.....	\$ 60,361	\$ 500,366	\$ 8,492	\$ —	\$ 569,219

Combining Statement of Revenues, Expenses, and Changes in Fund Balances

NONEXPENDABLE AND PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	PENSION TRUST						Total Pension Trust
	NON- EXPEND- ABLE TRUST	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	National Guard Pension System	
Operating revenues:							
Contributions.....	\$ 27	\$ 570,514	\$ 73,936	\$ 1,614	\$ 4,933	\$ 1,170	\$ 652,167
Interest and other investment income...	54	830,466	85,230	2,234	4,070	—	922,000
Licenses, fees, and permits.....	68	—	—	—	—	—	—
Total operating revenues.....	149	1,400,980	159,166	3,848	9,003	1,170	1,574,167
Operating expenses:							
General operations and administration..	27	—	—	—	—	—	—
Benefits and claims.....	—	477,994	46,307	1,890	3,793	1,170	531,154
Depreciation and amortization.....	—	84	9	—	—	—	93
Total operating expenses.....	27	478,078	46,316	1,890	3,793	1,170	531,247
Operating income.....	122	922,902	112,850	1,958	5,210	—	1,042,920
Operating transfers:							
Operating transfers in.....	—	7,331	167	—	—	—	7,498
Operating transfers out.....	—	(6,458)	(670)	(19)	(31)	—	(7,178)
Net income.....	122	923,775	112,347	1,939	5,179	—	1,043,240
Fund balances, July 1, 1992.....	1,438	8,528,631	885,088	24,851	41,421	—	9,479,991
Fund balances, June 30, 1993.....	\$ 1,560	\$ 9,452,406	\$ 997,435	\$ 26,790	\$ 46,600	\$ —	\$ 10,523,231

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	Balance July 1, 1992	Additions	Deductions	Balance June 30, 1993
DEFERRED COMPENSATION PLANS				
Assets				
Cash and cash equivalents.....	\$ 157	\$ 200	\$ 157	\$ 200
Investments.....	510,407	93,720	15,472	588,655
Accounts receivable.....	1,388	52,548	52,237	1,699
Loans and notes receivable.....	7,161	3,118	—	10,279
Other assets.....	3,430	817	405	3,842
Total assets.....	\$ 522,543	\$ 150,403	\$ 68,271	\$ 604,675
Liabilities				
Accounts payable and accrued liabilities.....	\$ 157	\$ 200	\$ 157	\$ 200
Deferred compensation.....	522,386	97,917	15,828	604,475
Total liabilities.....	\$ 522,543	\$ 98,117	\$ 15,985	\$ 604,675
INSURANCE COMPANY DEPOSITS				
Assets				
Investments.....	\$ 219,278	\$ 120,603	\$ 95,239	\$ 244,642
Liabilities				
Amounts held in custody for others.....	\$ 219,278	\$ 120,603	\$ 95,239	\$ 244,642
LOCAL GOVERNMENT INVESTMENT POOL				
Assets				
Cash and cash equivalents.....	\$ 52,469	\$ 24,376,791	\$ 24,399,260	\$ 30,000
Investments.....	327,170	23,417,150	23,356,026	388,294
Accounts receivable.....	1,093	9,868	10,218	743
Total assets.....	\$ 380,732	\$ 47,803,809	\$ 47,765,504	\$ 419,037
Liabilities				
Accounts payable and accrued liabilities.....	\$ 50,001	\$ 30,000	\$ 50,001	\$ 30,000
Amounts held in custody for others.....	330,731	1,006,123	947,817	389,037
Total liabilities.....	\$ 380,732	\$ 1,036,123	\$ 997,818	\$ 419,037

Continued on Next Page

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS (Continued)

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	Balance July 1, 1992	Additions	Deductions	Balance June 30, 1993
FEDERAL INTERFUND ACTIVITY FUND				
Assets				
Cash and cash equivalents.....	\$ 2,992	\$ 28,621	\$ 31,613	\$ —
Due from Federal government and other grantors.....	493	138	493	138
Due from other funds.....	440	4,301	440	4,301
Total assets.....	<u>\$ 3,925</u>	<u>\$ 33,060</u>	<u>\$ 32,546</u>	<u>\$ 4,439</u>
Liabilities				
Intergovernmental payables.....	\$ 7	\$ 210	\$ 217	\$ —
Due to other funds.....	3,918	4,150	3,919	4,149
Interfund payables.....	—	285	—	285
Amounts held in custody for others.....	—	31,636	31,631	5
Total liabilities.....	<u>\$ 3,925</u>	<u>\$ 36,281</u>	<u>\$ 35,767</u>	<u>\$ 4,439</u>
PAYROLL CLEARING FUND				
Assets				
Cash and cash equivalents.....	\$ 6,426	\$ 656,175	\$ 655,869	\$ 6,732
Accounts receivable.....	1	1	1	1
Due from other funds.....	31,429	32,205	31,430	32,204
Total assets.....	<u>\$ 37,856</u>	<u>\$ 688,381</u>	<u>\$ 687,300</u>	<u>\$ 38,937</u>
Liabilities				
Accounts payable and accrued liabilities.....	\$ 110	\$ 171	\$ 129	\$ 152
Due to other funds.....	6,303	6,586	6,353	6,536
Interfund payables.....	25	18	25	18
Amounts held in custody for others.....	31,418	567,402	566,589	32,231
Total liabilities.....	<u>\$ 37,856</u>	<u>\$ 574,177</u>	<u>\$ 573,096</u>	<u>\$ 38,937</u>

Continued on Next Page

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS (Continued)

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

	Balance July 1, 1992	Additions	Deductions	Balance June 30, 1993
OTHER AGENCY FUNDS				
Assets				
Cash and cash equivalents.....	\$ 72,026	\$ 1,167,039	\$ 1,166,098	\$ 72,967
Accounts receivable.....	816	1,087	817	1,086
Due from other funds.....	75	672	745	2
Interfund receivables.....	25	—	25	—
Advances to other funds.....	80	—	—	80
Other assets.....	399	1	—	400
Total assets.....	<u>\$ 73,421</u>	<u>\$ 1,168,799</u>	<u>\$ 1,167,685</u>	<u>\$ 74,535</u>
Liabilities				
Accounts payable and accrued liabilities.....	\$ 2,857	\$ 3,932	\$ 4,254	\$ 2,535
Intergovernmental payables.....	971	4	971	4
Due to other funds.....	45,992	365,978	362,154	49,816
Deposits.....	3,740	947	983	3,704
Amounts held in custody for others.....	19,696	812,482	813,867	18,311
Other liabilities.....	165	—	—	165
Total liabilities.....	<u>\$ 73,421</u>	<u>\$ 1,183,343</u>	<u>\$ 1,182,229</u>	<u>\$ 74,535</u>
TOTALS—ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents.....	\$ 134,070	\$ 26,228,826	\$ 26,252,997	\$ 109,899
Investments.....	1,056,855	23,631,473	23,466,737	1,221,591
Accounts receivable.....	3,298	63,504	63,273	3,529
Loans and notes receivable.....	7,161	3,118	—	10,279
Due from Federal government and other grantors.....	493	138	493	138
Due from other funds.....	31,944	37,178	32,615	36,507
Interfund receivables.....	25	—	25	—
Advances to other funds.....	80	—	—	80
Other assets.....	3,829	818	405	4,242
Total assets.....	<u>\$ 1,237,755</u>	<u>\$ 49,965,055</u>	<u>\$ 49,816,545</u>	<u>\$ 1,386,265</u>
Liabilities				
Accounts payable and accrued liabilities.....	\$ 53,125	\$ 34,303	\$ 54,541	\$ 32,887
Intergovernmental payables.....	978	214	1,188	4
Due to other funds.....	56,213	376,714	372,426	60,501
Interfund payables.....	25	303	25	303
Deposits.....	3,740	947	983	3,704
Amounts held in custody for others.....	601,123	2,538,246	2,455,143	684,226
Deferred compensation.....	522,386	97,917	15,828	604,475
Other liabilities.....	165	—	—	165
Total liabilities.....	<u>\$ 1,237,755</u>	<u>\$ 3,048,644</u>	<u>\$ 2,900,134</u>	<u>\$ 1,386,265</u>

General Fixed Assets Account Group

The General Fixed Assets Account Group is maintained to account for fixed assets acquired or constructed for use by the State for general governmental purposes. These include all fixed

assets except those accounted for in the Proprietary, Fiduciary, and Higher Education Funds.

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Columbia's skyline was a modest one in the late 1890s, its most notable feature being the turreted City Hall and Municipal Opera House at the corner of Main and Washington Streets. The building was destroyed by fire in 1899.

Schedule of General Fixed Assets by Function

June 30, 1993

(Expressed in Thousands)

Function	Land and Improvements	Buildings, Improvements, and Utility Plant	Machinery, Equipment, and Other	Totals
General governmental.....	\$ 8,101	\$ 95,983	\$ 78,887	\$ 182,971
Education.....	5,442	69,041	227,440	301,923
Individual and family services.....	11,087	185,465	112,464	309,016
Administration of justice.....	5,831	283,309	41,427	330,567
Resources and economic development....	116,831	54,980	65,094	236,905
Transportation.....	3,257	57,545	222,791	283,593
Total general fixed assets allocated to functions.....	\$ 150,549	\$ 746,323	\$ 748,103	1,644,975
Construction in progress.....				139,824
Total general fixed assets.....				\$ 1,784,799

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South Carolina had a continental flair for architecture as the Victorian Era reached its prime. This home in Anderson was built in 1876 by Nick Prevost for his bride and was modeled after the German Pavilion at the Centennial Exposition in Philadelphia, which was held that same year.

Schedule of Changes in General Fixed Assets by Function

For the Fiscal Year Ended June 30, 1993

(Expressed in Thousands)

Function	Balance July 1, 1992	Additions	Retirements	Balance June 30, 1993
General governmental.....	\$ 173,712	\$ 15,396	\$ 6,137	\$ 182,971
Education.....	296,463	9,371	3,911	301,923
Individual and family services.....	298,940	14,448	4,372	309,016
Administration of justice.....	319,626	12,469	1,528	330,567
Resources and economic development.....	233,020	7,320	3,435	236,905
Transportation.....	264,476	29,625	10,508	283,593
Construction in progress.....	87,351	80,089	27,616	139,824
Total general fixed assets.....	\$ 1,673,588	\$ 168,718	\$ 57,507	\$ 1,784,799

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At the turn of the century, pharmacies, such as Regal's Drug Store, were a favorite gathering place for businessmen discussing the news of the day.

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South Carolina has always had its share of natural disasters—hurricanes, tornadoes, earthquakes and the like. During the summer of 1908, in what many call "The Great Flood," rainstorms brought the Congaree River to its high water mark of thirty-six feet and threatened the old Gervais Street bridge. The Columbia area suffered about \$200,000 in damages. Bridges and telephone/telegraph lines were downed and five lives were lost.

Higher Education Funds

Financial activities of the State's higher education institutions are reported in the Higher Education Funds. The four-year institutions are:

The Citadel
Clemson University
The College of Charleston (including an Undergraduate School, known as the College of Charleston, and a Graduate School, now known as the University of Charleston)
Francis Marion University
Lander University (formerly Lander College)
The Medical University of South Carolina
South Carolina State University
The University of South Carolina
Winthrop University

Area technical colleges include:

Aiken Technical College
Central Carolina Technical College
Chesterfield-Marlboro Technical College
Denmark Technical College
Florence-Darlington Technical College
Greenville Technical College
Horry-Georgetown Technical College
Midlands Technical College
Orangeburg-Calhoun Technical College
Piedmont Technical College
Spartanburg Technical College
Technical College of the Lowcountry
Tri-County Technical College
Trident Technical College
Williamsburg Technical College
York Technical College

Higher Education Funds include the following individual funds:

CURRENT FUNDS

Current Funds account for resources that higher education institutions may use for any purpose in carrying out their primary objectives.

Unrestricted Current Funds. These funds account for currently expendable resources which may be either completely unrestricted or designated by institution officials for specific purposes.

Restricted Current Funds. These funds account for resources that donors or other outside agencies have restricted for specific current operating purposes.

LOAN FUNDS

Loan Funds account for resources available for loans to students, faculty, or staff of higher education institutions.

ENDOWMENT AND SIMILAR FUNDS

These funds account for endowments and quasi-endowments. These funds are similar to trust funds. The State must comply with the terms of any applicable agreements.

PLANT FUNDS

Plant Funds account for transactions involving physical properties of the higher education institutions.

Unexpended Plant Funds. The Unexpended Plant Funds subgroup accounts for resources that institutions have available to finance the acquisition, construction, or improvement of physical properties. Resources that institutions have set aside for the renewal and replacement of institutional properties are also recorded in this fund. Assets under construction may be accounted for in this fund or in the Investment in Plant Funds.

Retirement of Indebtedness Funds. The Retirement of Indebtedness Funds subgroup includes amounts to pay debt service and to retire indebtedness on institutional properties.

Investment in Plant Funds. The Investment in Plant Funds subgroup accounts for resources that the institution has expended for (and thus has invested in) its properties and any related outstanding debt.

AGENCY FUNDS

Agency Funds account for amounts that higher education institutions hold as custodians or fiscal agents for others.

Combining Balance Sheet

HIGHER EDUCATION FUNDS

June 30, 1993

(Expressed in Thousands)

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT AND SIMILAR FUNDS
	Unrestricted	Restricted		
ASSETS				
Cash and cash equivalents.....	\$ 144,607	\$ 9,325	\$ 3,443	\$ 24,800
Investments.....	7,109	1,090	553	19,385
Receivables, net:				
Accounts.....	2,376	—	73	51
Patient and student.....	63,785	—	—	—
Student loans.....	—	—	39,007	—
Loans and notes.....	—	124	—	—
Due from Federal government and other grantors.....	25,135	34,264	23	—
Due from other Higher Education Funds.....	16,663	327	64	2
Due from other funds.....	5,999	1,775	—	—
Inventories.....	22,169	—	—	—
Property, plant, and equipment.....	—	—	—	—
Other assets.....	12,920	368	127	885
Total assets.....	\$ 300,763	\$ 47,273	\$ 43,290	\$ 45,123
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities.....	\$ 68,605	\$ 5,728	\$ 501	\$ 226
Due to other Higher Education Funds.....	5,856	12,795	42	7
Due to other funds.....	5,767	818	—	—
Interfund payables.....	—	—	—	—
Advances from other funds.....	—	—	—	—
Deferred revenues.....	28,652	580	—	—
Deposits.....	4,063	—	—	—
Amounts held in custody for others.....	—	—	—	—
Notes payable.....	—	—	—	—
General obligation bonds payable.....	—	—	—	—
Revenue bonds payable.....	—	—	—	—
Certificates of participation payable.....	—	—	—	—
Capital lease and installment debt obligations payable....	—	—	—	—
Compensated absences payable.....	55,949	8	—	—
Other liabilities.....	2,324	5	1	—
Total liabilities.....	171,216	19,934	544	233
Fund Balances:				
Investment in plant.....	—	—	—	—
Reserved for:				
Restricted fund balance.....	—	27,339	3,507	—
Federal government grants refundable.....	—	—	38,818	—
Endowment and similar funds.....	—	—	—	20,481
Encumbrances.....	1,344	—	—	—
Other special purposes.....	6,776	—	—	—
Unreserved:				
Designated for special purposes.....	31,630	—	421	—
Designated for quasi-endowments.....	—	—	—	24,409
Undesignated.....	89,797	—	—	—
Total fund balances.....	129,547	27,339	42,746	44,890
Total liabilities and fund balances.....	\$ 300,763	\$ 47,273	\$ 43,290	\$ 45,123

PLANT FUNDS					
Unexpended	Retirement of Indebtedness	Investment in Plant	AGENCY FUNDS	Eliminations	Totals
\$ 93,798	\$ 67,250	\$ —	\$ 4,593	\$ —	\$ 347,816
5,605	162	—	—	—	33,904
569	—	—	4,057	—	7,126
—	—	—	—	—	63,785
—	—	—	—	—	39,007
—	—	—	—	—	124
1,796	—	—	—	—	61,218
5,604	851	—	31	(23,542)	—
1,193	1,389	—	121	(1,630)	8,847
—	—	—	—	—	22,169
50,868	—	2,267,873	—	—	2,318,741
2	136	2	58	—	14,498
<u>\$ 159,435</u>	<u>\$ 69,788</u>	<u>\$ 2,267,875</u>	<u>\$ 8,860</u>	<u>\$ (25,172)</u>	<u>\$ 2,917,235</u>
\$ 13,944	\$ 17,520	\$ —	\$ 4,909	\$ —	\$ 111,433
2,163	2,675	—	4	(23,542)	—
5	1,286	—	—	(1,630)	6,246
—	—	1,256	—	—	1,256
—	—	5,557	—	—	5,557
—	—	—	—	—	29,232
—	—	—	149	—	4,212
—	—	—	3,788	—	3,788
4,782	—	14,702	—	—	19,484
5,165	—	38,065	—	—	43,230
28,253	—	202,747	—	—	231,000
—	—	19,335	—	—	19,335
—	—	13,168	—	—	13,168
—	—	—	—	—	55,957
4,698	—	3	10	—	7,041
<u>59,010</u>	<u>21,481</u>	<u>294,833</u>	<u>8,860</u>	<u>(25,172)</u>	<u>550,939</u>
—	—	1,973,042	—	—	1,973,042
63,881	48,307	—	—	—	143,034
—	—	—	—	—	38,818
—	—	—	—	—	20,481
—	—	—	—	—	1,344
95	—	—	—	—	6,871
36,449	—	—	—	—	68,500
—	—	—	—	—	24,409
—	—	—	—	—	89,797
<u>100,425</u>	<u>48,307</u>	<u>1,973,042</u>	<u>—</u>	<u>—</u>	<u>2,366,296</u>
<u>\$ 159,435</u>	<u>\$ 69,788</u>	<u>\$ 2,267,875</u>	<u>\$ 8,860</u>	<u>\$ (25,172)</u>	<u>\$ 2,917,235</u>

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In the 1920s and 1930s, South Carolina cities abandoned their trolley lines for motorized buses. This Charleston bus heads south on Meeting Street in the shadow of Saint Michael's Church around 1930.

Schedules--Budgetary General Fund

The Budgetary General Fund, which corresponds to the General Funds column in the Appropriation Act, is the State's general operating fund. The Budgetary General Fund differs significantly from the GAAP-basis General Fund.

The schedules in this section have been prepared

using the budgetary basis of accounting. In South Carolina, the budgetary basis of accounting is the cash basis with certain exceptions. The Notes to the Financial Statements include a more detailed description of the budgetary basis of accounting.

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South Carolina's county seats were busy, prosperous centers of activity in the early 1900s. Main Street in Bamberg was also showing signs of the State's conversion from horse and buggy to the automobile.

Appropriation Activity**BUDGETARY GENERAL FUND**

For the Fiscal Year Ended June 30, 1993
(Expressed in Thousands)

Function	Original Appropriations	^a Adjustments
Legislative.....	\$ 24,747	\$ 3,821
Judicial.....	28,507	(117)
Executive and administrative.....	168,291	(48,421)
Educational.....	1,873,575	(12,031)
Health.....	587,504	(12,864)
Social rehabilitation services.....	129,115	2,646
Correctional.....	256,290	(4,213)
Conservation, natural resources, and development.....	120,125	(2,159)
Regulatory.....	73,863	(1,712)
Transportation.....	2,659	(16)
Debt service.....	159,699	—
Miscellaneous.....	239,001	(4,645)
Highway Department.....	620	(25)
Transfer to designation for capital and nonrecurring.....	66,109	(66,109)
Totals--appropriations for expenditures.....	\$ 3,730,105	\$ (145,845)

Note: See Note 2 to the Financial Statements for information on budgetary accounting.

^a

The adjustments shown above (expressed in thousands) may be summarized as follows:

Appropriations brought forward from 1991-92.....	\$ 7,586
Open-ended appropriations.....	5,179
Supplemental appropriations.....	32,500
Budget and Control Board actions.....	(191,110)
Total adjustments.....	\$ (145,845)

<u>Adjusted Appropriations</u>	<u>Expenditures</u>	<u>Appropriations To Be Carried Forward</u>	<u>Lapsed Appropriations</u>
\$ 28,568	\$ 24,808	\$ 3,562	\$ 198
28,390	28,373	—	17
119,870	100,763	18,569	538
1,861,544	1,826,447	34,944	153
574,640	573,976	—	664
131,761	131,624	9	128
252,077	250,238	41	1,798
117,966	116,590	172	1,204
72,151	71,486	32	633
2,643	2,545	64	34
159,699	159,473	—	226
234,356	234,321	—	35
595	595	—	—
—	—	—	—
<u>\$ 3,584,260</u>	<u>\$ 3,521,239</u>	<u>\$ 57,393</u>	<u>\$ 5,628</u>

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Sheriff John C. McCain (third from right) and members of the Richland County Sheriff's department are pictured in 1913. Behind them to the right is the home of Dr. James Woodrow, uncle of President Woodrow Wilson and one-time President of the University of South Carolina. His home was torn down in 1949 to make room for the Richland County Library. The multi-storied building is the YMCA, newly-erected in 1913 and still in use.

General Fund Reserve Activity

BUDGETARY GENERAL FUND

Last Ten Fiscal Years

Article III, Section 36, of the South Carolina Constitution establishes requirements relating to the General Fund Reserve, a reserve primarily designed to prevent Budgetary General Fund deficits. Prior to November 4, 1984, the reserve was considered fully funded whenever it equaled five percent of the Budgetary General Fund budgetary-basis revenue of the latest completed fiscal year. On November 4, 1984, a Constitutional amendment changed the funding requirement from five to four percent of the Budgetary General Fund revenue of the latest completed fiscal year. Provisions of the amendment also allowed the percentage rate to be reduced to three or increased to five percent by a special vote of

the General Assembly. An act which took effect on March 9, 1988, reduced the percentage rate to three percent. On November 4, 1988 a Constitutional amendment was passed which permanently changed the funding requirement for the Reserve to three percent of the Budgetary General Fund revenue of the latest completed fiscal year.

If amounts are withdrawn from the Reserve, the State Constitution establishes a schedule for restoring the Reserve to full funding within three years.

Key amounts (expressed in thousands) for the General Fund Reserve for the last ten fiscal years are:

Fiscal Year Ended June 30	Start-of- Year Balance	Deposits	Withdrawals	End-of-Year Balance	Full-Funding Amount	Actual End-of- Year % Funded ^d
1984	\$ 40,012	\$58,485	\$ —	\$ 98,497	\$ 98,497 ^a	100%
1985	98,497	—	(9,369)	89,128	89,128 ^b	100%
1986	89,128	—	(37,353)	51,775	95,735 ^b	54%
1987	51,775	23,606	—	75,381	100,372 ^b	75%
1988	75,381	25,093	(14,382)	86,092	80,783 ^c	107%
1989	86,092	7,217	(5,310)	87,999	87,999 ^c	100%
1990	87,999	—	—	87,999	94,114 ^c	94%
1991	87,999	6,115	(60,687)	33,427	98,843 ^c	34%
1992	33,427	4,729	(38,156)	—	99,163 ^c	0%
1993	—	66,832	—	66,832	100,248 ^c	67%

^a Equals 5% of the Budgetary General Fund revenues for the latest completed fiscal year.

^b Equals 4% of the Budgetary General Fund revenues for the latest completed fiscal year.

^c Equals 3% of the Budgetary General Fund revenues for the latest completed fiscal year.

^d Equals (End-of-Year Balance/Full Funding Amount) x 100.

Funds Earmarked for Public Education

BUDGETARY GENERAL FUND

For the Fiscal Year Ended June 30, 1993

(Expressed in Thousands)

Gross budgetary-basis revenues:

Retail sales tax (4%) and excise tax--casual sales.....	\$ 1,250,619
Alcoholic liquors tax--60% portion.....	17,743
Beer and wine tax--penalties and fines.....	346
Soft drinks tax.....	23,470
Commercial nuclear waste tax.....	3,741
Gross budgetary-basis revenues.....	<u>1,295,919</u>
Total budgetary-basis revenues earmarked for public education (95.5% of gross budgetary-basis revenues).....	<u>1,237,603</u>

Budgetary-basis expenditures:

Department of Education.....	1,173,762
State Board of Technical and Comprehensive Education.....	117,187
Educational Television Commission.....	17,389
Wil Lou Gray Opportunity School.....	2,630
School for the Deaf and Blind.....	10,101
John De La Howe School.....	3,255
Total budgetary-basis expenditures for public education...	<u>1,324,324</u>
Excess of budgetary-basis expenditures over revenues earmarked for public education.....	<u>\$ 86,721</u>

Part I, Section 1, of the 1992-93 Appropriation Act and Sections 12-21-1130, 12-33-30, 48-47-175, and 61-13-520 of the South Carolina Code of Laws require that the State's portion of those Budgetary General Fund revenues shown above be expended only to support the specific public education agencies listed above (including debt service on Capital Improvement Bonds applicable to those agencies). These legal requirements are considered to be satisfied if the amount of Budgetary General Funds expended for these particular agencies exceeds the State's portion of the specified revenues.

Title 6, Chapter 27 of the South Carolina Code of Laws is known as the State Aid to Subdivisions Act. That Act requires the State to appropriate not less than four and one-half percent (4.5%) of the

latest completed fiscal year's total Budgetary General Fund revenues to local governments. Accordingly, the State's portion of the above revenues is ninety-five and one-half percent (95.5%) of the gross revenues.

Legal-basis debt service expenditures on Capital Improvement Bonds applicable to the designated public education agencies could not be determined. If available, this amount would increase both expenditures and the excess of expenditures over revenues earmarked for public education. Records of the State Treasurer's Office show that Capital Improvement Bond proceeds of \$1.921 million were allocated to the designated public education agencies in 1992-93.

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The store fronts of Charleston's historic King Street have survived hurricanes, tornadoes, earthquakes and modern urban redevelopment. It was a busy thoroughfare in 1901, and it still is.

Required Supplementary Information

Required supplementary information consists of statements, schedules, statistical data or other information which, according to the Governmental

Accounting Standards Board, is necessary to supplement, although not required to be a part of, the general purpose financial statements

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For seventy-four years, the lighthouse on Hunting Island in Beaufort County was the beacon which protected ships entering Saint Helena Sound. Today it is a major coastal landmark and part of the South Carolina's extensive State park system.

National Guard Pension System Historical Trend Information

Last Seven Fiscal Years
(Expressed in Thousands)

Analysis of Funding Progress

Fiscal Year Ended June 30	Net Assets Available for Benefits	Pension Benefit Obligation (PBO)	Percentage Funded	Unfunded PBO	Annual Covered Payroll	Unfunded PBO as a Percentage of Covered Payroll
1987	\$ 0	\$ b	0%	\$ b	\$ 38,293	b
1988	0	b	0%	b	40,748	b
1989	0	b	0%	b	41,611	b
1990	0	b	0%	b	48,818	b
1991a	0	18,778	0%	18,778	48,827	38.5%
1992	0	19,934	0%	19,934	50,404	39.6%
1993	0	23,300	0%	23,300	48,385	48.2%

^aThe first actuarial valuation of the National Guard Pension System was prepared as of July 1, 1990.

^bNo actuarial valuation was prepared for these years, but all of the PBO was unfunded.

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation (PBO), and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the National Guard Pension System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater

this percentage, the stronger the system. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the System's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

Revenues by Source and Expenses by Type

Fiscal Year Ended June 30	Revenues (Employer Contributions)		Expenses (Benefits)
	Amount	Percentage of Covered Payroll	
1987	\$ 519	1.4%	\$ 519
1988	581	1.4%	581
1989	679	1.6%	679
1990	786	1.6%	786
1991	905	1.9%	905
1992	1,043	2.1%	1,043
1993	1,170	2.4%	1,170

^cNo employee contributions are required for this defined benefit retirement system. There is no investment income because there are no assets available.

^dThere are no refunds because there are no employee contributions. In accordance with State law, the State Adjutant General's Office administers the system. Costs of administering the system are inseparable from other administrative expenses of the Adjutant General's Office. The cost of administering the system, however, is very small.

The above information is presented only for years available. Additional years will be added as available.

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Turn-of-the-century South Carolina was already warming up to golf, a game that would become a major industry almost a century later. This early game, with its fashionable observers and knickered golfer, featured sand "greens" at the Kirkwood Hotel in Camden.

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Statistical Section

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There were no multi-story parking garages in Spartanburg's Morgan Square in 1884 when farmers arrived from the nearby countryside by horse and wagon for a day of marketing and provisioning for the days ahead.

Expenditures by Function^a

ALL GOVERNMENTAL FUND TYPES^b

Last Six Fiscal Years^c
(Expressed in Thousands)

Function	For the Fiscal Year Ended June 30					
	1988	1989	1990	1991	1992	1993
General governmental..... ^c	\$ 232,243	\$ 261,929	\$ 314,764	\$ 251,692	\$ 234,092	\$ 247,452
Education	223,623	240,491	270,237	262,697	241,230	254,464
Individual and family services...	1,316,828	1,417,641	1,811,417	2,097,614	2,489,321	2,682,162
Administration of justice.....	217,125	256,358	282,580	300,250	304,488	312,961
Resources and economic development.....	101,041	113,672	128,101	132,970	128,059	131,021
Transportation.....	190,345	249,285	265,443	274,895	274,957	290,740
Miscellaneous.....	50	70	30	—	—	—
Capital outlay.....	466,626	412,357	369,219	402,258	429,896	456,707
Debt service:						
Principal retirement.....	77,521	84,680	62,482	66,715	94,538	104,316
Interest and fiscal charges.....	44,684	46,077	47,902	50,878	53,943	53,316
Intergovernmental.....	1,641,939	1,746,987	1,969,425	2,007,557	2,033,486	2,096,679
Total expenditures.....	\$ 4,512,025	\$ 4,829,547	\$ 5,521,600	\$ 5,847,526	\$ 6,284,010	\$ 6,629,818

^a All Governmental Fund Types include General, Special Revenue, and Capital Projects Funds.

^b The fiscal year ended June 30, 1988, was the first year for which the State prepared complete financial statements in accordance with generally accepted accounting principles. Accordingly, this schedule does not present data for earlier years.

^c Until July 1, 1990, General Governmental expenditures included premiums for retiree health and dental insurance for all functional areas. Since July 1, 1990, the total premium cost has been allocated among the various functional areas. This resulted in a decrease in General Governmental expenditures for the fiscal year ended June 30, 1991.

Revenues by Source

ALL GOVERNMENTAL FUND TYPES^a

Last Six Fiscal Years^b
(Expressed in Thousands)

Sources	For the Fiscal Year Ended June 30					
	1988	1989	1990	1991	1992	1993
Taxes:						
Individual income.....	\$1,130,898	\$1,225,648	\$1,361,839	\$1,377,825	\$1,386,724	\$1,481,592
Retail sales and use.....	1,277,447	1,359,200	1,464,989	1,463,941	1,515,223	1,628,766
Other.....	904,243	958,970	918,455	914,736	911,110	983,586
Licenses, fees, and permits.....	134,083	150,859	163,202	198,253	218,726	300,699
Interest and other investment income.....	72,040	80,327	83,777	78,092	55,708	44,756
Federal.....	1,316,607	1,391,309	1,821,052	2,001,490	2,347,896	2,443,881
Departmental services.....	104,867	107,724	113,703	120,098	138,610	155,546
Contributions	26,324	30,717	32,056	54,424	81,421	101,486
Fines and penalties.....	22,777	24,235	31,034	31,643	43,610	44,182
Other.....	26,932	45,247	37,851	33,856	43,853	52,894
Total revenues.....	\$5,016,218	\$5,374,236	\$6,027,958	\$6,274,358	\$6,742,881	\$7,237,388

^a All Governmental Fund Types include General, Special Revenue, and Capital Projects Funds.

^b The fiscal year ended June 30, 1988, was the first year for which the State prepared complete financial statements in accordance with generally accepted accounting principles. Accordingly, this schedule does not present data for earlier years.

Income and Sales Tax Rates

Last Ten Fiscal Years

Fiscal Year Ended June 30	Individual Income Tax	Corporate Income Tax	Retail Sales^a Tax
1984	2 - 7%	6%	4%
1985	2 - 7%	6%	5%
1986	2 - 7%	6%	5%
1987	3 - 7%	6%	5%
1988	3 - 7%	5.5%	5%
1989	3 - 7%	5%	5%
1990	3 - 7%	5%	5%
1991	2.75 - 7%	5%	5%
1992	2.50 - 7%	5%	5%
1993	2.50 - 7%	5%	5%

^a Excludes the 2% accommodations tax and the local option sales tax.

Source: The State Tax Commission

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Steam-driven equipment was the order of the day for maintaining the unpaved streets of Anderson early in the 1900s. It was a job which fell to the Superintendent of City Streets and his crew of laborers.

Net General Obligation Bonds and Notes Per Capita

Last Ten Fiscal Years

Fiscal Year Ended June 30	Population^a (Thousands)	Gross Bonded^b Debt (Thousands)	Debt Payable From Higher Education Funds (Thousands)	Net General Bonded^c Debt (Thousands)	Net General Bonded^c Debt Per Capita
1984	3,262	\$ 611,170	\$ 36,470	\$ 574,700	\$ 176.18
1985	3,293	626,645	31,620	595,025	180.69
1986	3,332	658,515	28,270	630,245	189.15
1987	3,369	693,270	28,030	665,240	197.46
1988	3,400	681,425	28,185	653,240	192.13
1989	3,444	709,165	25,925	683,240	198.39
1990	3,498	807,911	28,071	779,840	222.94
1991	3,544	828,650	28,560	800,090	225.76
1992	3,590	876,305	44,570	831,735	231.68
1993	3,636	884,025	43,230	840,795	231.24

^a State Data Center, Research and Statistical Services Division, State Budget and Control Board.

^b Includes general obligation bonds payable and general obligation bond anticipation notes of both the General Long-Term Obligations Account Group and the Higher Education Funds and notes payable in the General Long-Term Obligations Account Group.

^c Net general bonded debt is the gross general bonded debt less the general obligation debt payable not expected to be repaid through general governmental resources (i.e. the debt payable from Higher Education Funds).

Note: Assessed value data is not presented because the State of South Carolina does not receive property tax revenue.

Computation of Legal Debt Margin

June 30, 1993

(Expressed in Thousands)

Section 57-11-240 of the South Carolina Code of Laws limits State highway bonds outstanding to \$150 million. Likewise, Section 59-107-90 limits State institution bonds legally outstanding to \$60 million.

Furthermore, Section 11-11-430 states: "The issuance of general obligation bonds of the State must be limited so that the maximum annual debt service on all general obligation bonds of the State

(excluding highway bonds, State institution bonds, tax anticipation notes, and bond anticipation notes) may not exceed five percent of the general revenues of the State for the fiscal year next preceding (excluding revenues which are authorized to be pledged for State highway bonds and State institution bonds)."

State highway bond limitation.....	\$ 150,000
Less: State highway bonds outstanding at June 30, 1993.....	—
Legal debt margin at June 30, 1993--highway bonds.....	<u>\$ 150,000</u>
State institution bond limitation.....	\$ 60,000
Less: State institution bonds and notes outstanding at June 30, 1993.....	43,230
Legal debt margin at June 30, 1993--institution bonds.....	<u>\$ 16,770</u>
1991-1992 Budgetary General Fund revenues.....	\$ 3,341,587
Less: 1991-1992 transfers for highway and institution bond debt service recorded as Budgetary General Fund revenues.....	5,514
1991-1992 net Budgetary General Fund revenues.....	<u>\$ 3,336,073</u>
5% of 1991-1992 net Budgetary General Fund revenues.....	\$ 166,804
Less: 1992-1993 net Budgetary General Fund debt service for general obligation bonds excluding highway and institution bonds.....	152,428
Legal debt service margin at June 30, 1993--general obligation bonds excluding highway and institution bonds.....	<u>\$ 14,376</u>

Ratio of Annual Debt Service Expenditures for General Obligation Debt to Total General Governmental Expenditures^a

^b
Last Six Fiscal Years
(Expressed in Thousands)

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1988	\$ 77,521	\$ 44,684	\$ 122,205	\$ 4,512,025	2.71%
1989	84,680	46,077	130,757	4,829,547	2.71%
1990	62,482	47,902	110,384	5,521,600	2.00%
1991	66,715	50,878	117,593	5,847,526	2.01%
1992	94,538	53,943	148,481	6,284,010	2.36%
1993	104,316	53,316	157,632	6,629,818	2.38%

^a
General Governmental Expenditures includes the General, Special Revenue, and Capital Projects Funds.

^b
The State did not prepare financial statements in conformity with generally accepted accounting principles until the fiscal year ended June 30, 1988. Comparable data for earlier years is not available.

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With a present faculty of 226 and a student enrollment of nearly 5,000, South Carolina State University has experienced significant growth since it was established March 3, 1896. These seven women and two men were the school's first faculty members.

Revenue Bond Coverage^a

Last Ten Fiscal Years
(Expressed in Thousands)

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY^b

Fiscal Year Ended June 30	Gross Revenues	Direct Operating Expenses ^c	Net Revenue Available for Debt Service
1984	\$ 358,699	\$ 238,139	\$ 120,560
1985	430,622	261,153	169,469
1986	455,000	263,131	191,869
1987	480,059	276,036	204,023
1988	491,980	290,324	201,656
1989	546,039	330,007	216,032
1990	554,794	345,458	209,336
1991	553,980	345,169	208,811
1992	562,578	347,684	214,894
1993	546,878	335,661	211,217

SOUTH CAROLINA STATE PORTS AUTHORITY

Fiscal Year Ended June 30	Gross Revenues	Direct Operating Expenses ^c	Net Revenue Available for Debt Service
1984	\$ 29,252	\$ 20,568	\$ 8,684
1985	33,147	24,129	9,018
1986	30,960	25,388	5,572
1987	35,906	24,133	11,773
1988	43,408	25,915	17,493
1989	43,959	27,179	16,780
1990	45,098	27,190	17,908
1991	46,554	29,741	16,813
1992	46,414	28,756	17,658
1993	45,335	30,102	15,233

^a Computations are based on data provided by component units. There may be classification differences between this data and data found elsewhere in this report.

^b Gross revenues for years before 1990 have been restated to exclude interest income.

^c Excludes depreciation and interest expense.

Debt Service Requirements			Coverage
Principal	Interest	Total	Ratio
\$ 7,795	\$ 160,259	\$ 168,054	0.72
9,060	159,634	168,694	1.00
10,500	150,224	160,724	1.19
27,630	144,190	171,820	1.19
33,995	138,675	172,670	1.17
31,390	134,908	166,298	1.30
33,045	133,606	166,651	1.26
35,571	131,197	166,768	1.25
41,004	133,619	174,623	1.23
69,208	129,894	199,102	1.06

Debt Service Requirements			Coverage
Principal	Interest	Total	Ratio
\$ 642	\$ 1,123	\$ 1,765	4.92
831	1,096	1,927	4.68
777	1,050	1,827	3.05
915	1,005	1,920	6.13
974	945	1,919	9.12
956	1,395	2,351	7.14
514	2,207	2,721	6.58
1,015	1,605	2,620	6.42
1,090	1,854	2,944	6.00
300	4,856	5,156	2.95

Continued on Next Page

Revenue Bond Coverage^a (Continued)

Last Ten Fiscal Years
(Expressed in Thousands)

SOUTH CAROLINA HOUSING FINANCE AND DEVELOPMENT AUTHORITY^{d e}

Fiscal Year Ended June 30	Gross Revenues	Principal Proceeds	Direct Operating ^c Expenses	Net Revenue Available for Debt Service
1984	\$ 51,701	\$ 5,728	\$ 2,961	\$ 54,468
1985	68,728	9,474	4,124	74,078
1986	91,597	28,588	5,215	114,970
1987	83,269	70,526	4,323	149,472
1988	75,642	42,642	4,472	113,812
1989	69,673	41,888	4,758	106,803
1990	71,017	45,028	5,853	110,192
1991	73,984	44,896	5,265	113,615
1992	68,431	103,495	5,314	166,612
1993	64,465	94,666	5,797	153,334

SOUTH CAROLINA EDUCATION ASSISTANCE AUTHORITY^e

Fiscal Year Ended June 30	Gross Revenues	Principal Proceeds	Direct Operating ^c Expenses	Net Revenue Available for Debt Service
1984	\$ 12,424	\$ 2,605	\$ 2,106	\$ 12,923
1985	13,741	3,563	1,348	15,956
1986	13,179	5,209	2,053	16,335
1987	13,916	7,086	2,328	18,674
1988	14,387	8,954	3,436	19,905
1989	19,541	10,677	7,477	22,741
1990	24,312	15,249	4,663	34,898
1991	22,969	18,087	8,320	32,736
1992	32,411	23,163	9,025	46,549
1993	35,697	28,402	11,299	52,800

^a Computations are based on data provided by component units. There may be classification differences between this data and data found elsewhere in this report.

^c Excludes depreciation and interest expense.

^d Direct operating expenses for years before 1989 have been restated to exclude housing assistance payments.

^e These entities use bond proceeds to make loans to non-governmental parties. Accordingly, principal proceeds received are included as a revenue in the calculation of Net Revenue Available for Debt Service.

Debt Service Requirements

Principal	Interest	Total	Coverage Ratio
\$ 7,660	\$ 35,351	\$ 43,011	1.27
13,774	46,647	60,421	1.23
24,726	63,818	88,544	1.30
19,730	60,505	80,235	1.86
10,075	53,435	63,510	1.79
10,125	55,412	65,537	1.63
10,010	56,661	66,671	1.65
10,025	59,359	69,384	1.64
11,325	59,468	70,793	2.35
43,103	49,503	92,606	1.66

Debt Service Requirements

Principal	Interest	Total	Coverage Ratio
\$ 1,265	\$ 7,516	\$ 8,781	1.47
1,785	7,450	9,235	1.73
2,530	7,974	10,504	1.56
20,650	6,965	27,615	0.68
9,815	5,655	15,470	1.29
7,330	7,477	14,807	1.54
11,440	11,864	23,304	1.50
17,665	12,419	30,084	1.09
21,320	14,284	35,604	1.31
22,480	17,507	39,987	1.32

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Population^a at June 30</u>	<u>Per Capita Income^a Year Ended December 31</u>	<u>Median Age^a (Years) at June 30</u>	<u>School Enrollment^b at June 30</u>	<u>Unemployment Rate^c at December 31</u>
1983	3,225,000	\$ 9,323	29.6	673,871	10.1%
1984	3,262,000	10,157	30.1	669,809	7.1%
1985	3,293,000	10,831	29.8	668,985	6.9%
1986	3,332,000	11,585	30.1	670,980	6.2%
1987	3,369,000	12,283	30.6	672,943	5.6%
1988	3,400,000	13,210	31.0	676,847	4.5%
1989	3,444,000	13,838	31.4	678,050	4.3%
1990	3,497,800	15,043	31.7	677,356	5.5%
1991	3,543,740	15,391	32.2	681,717	6.2%
1992	3,589,680	15,989	32.6	685,744	5.7%
1993	3,635,620	^d	32.9	688,513	^d

Sources:

^a State Data Center, Research and Statistical Services Division, State Budget and Control Board

^b South Carolina Department of Education

^c South Carolina Employment Security Commission

^d Not yet available.

Property Value, Construction, and Bank Deposits

Last Ten Years

(Dollars in Millions)

Year	Nonresidential Construction		Residential Construction		Bank Deposits at December 31	Property Value ^a	
	Number of Units at December 31	Value at December 31	Number of Units at December 31	Value at December 31		Nonresidential at June 30	Residential at June 30
1983	7,588	\$ 419	35,322	\$ 1,184	\$ 16,992	c	c
1984	8,512	617	45,003	1,573	19,061	\$ 23,339	\$ 24,748
1985	6,744	659	44,190	1,592	20,886	24,879	25,754
1986	6,761	743	40,390	1,581	22,907	25,915	27,149
1987	7,283	835	26,991 ^b	1,489	23,612	28,364	29,114
1988	6,926	763	25,563 ^b	1,438	26,022	34,127	31,241
1989	6,627	707	20,530 ^b	1,252	27,849	34,936	33,869
1990	6,877	788	22,454 ^b	1,475	29,091	37,079	38,852
1991	6,811	670	19,309 ^b	1,372	29,528	39,089	41,220
1992	6,329	494	20,853 ^b	1,585	29,111	e	e
1993	d	d	d	d	d	e	e

^a Property taxes do not represent a source of revenue for the State.

^b Beginning with 1987, the number of mobile home permits is not reported.

^c The State began compiling this data on a statewide basis in 1984 in connection with the passage of the State Education Finance Act. For earlier years, this data was maintained only by the forty-six county governments.

^d Not yet available.

^e Due to legislation requiring that tax assessments be based on the prior year's property value, neither the 1992 nor 1993 information is yet available.

Sources: 1993 South Carolina Economic Report, State Budget and Control Board; State Tax Commission

Largest Manufacturing Companies^a

December 31, 1992

<u>Name</u>	<u>Number of Plants in South Carolina</u>	<u>Number of Employees in South Carolina</u>
Westinghouse Electric Corporation.....	6	24,808
Springs Industries, Incorporated.....	21	12,975
Milliken & Company.....	30	7,655
Michelin Tire Corporation.....	4	6,300
Charleston Naval Shipyard (U.S. Department of the Navy).....	1	5,650
JPS Textile Group.....	7	4,157
Hoechst AG.....	5	4,125
Greenwood Mills, Incorporated.....	9	3,686
Du Pont De Nemours, E I & Company.....	4	3,268
Ingersoll-Rand Company.....	5	2,819
AB Electrolux Sweden.....	2	2,800
Spartan Mills.....	8	2,695
Wellman, Incorporated.....	3	2,595
W. R. Grace & Company.....	4	2,539
Robert Bosch GmbH.....	3	2,530
Allied-Signal, Incorporated.....	5	2,504
Kemet Electronics Corporation.....	2	2,448
Graniteville Company.....	7	2,446
Sonoco Products Company.....	3	2,390
Ryobi North America, Incorporated.....	2	2,300
Sara Lee Corporation.....	5	2,290
Owens-Corning Fiberglas Corporation.....	3	2,278
Cooper Industries, Incorporated.....	7	2,246
Farley Industries.....	7	2,082
Delta Woodside Industries, Incorporated.....	7	2,020

^a Based on number of employees. This list includes all companies with 2,000 or more employees.

Source: 1993 South Carolina Industrial Directory, provided to the Comptroller General's Office by the South Carolina Development Board.

Miscellaneous Statistics**December 31, 1992 (Except as Noted)**

Date of ratification--U. S. Constitution.....	1788 ^a
Form of government.....	Legislative-Executive-Judicial ^b
Miles of State highways.....	64,129 ^c
Land area (square miles).....	30,111
State police protection:	
Police and sheriff districts.....	265 ^d
Total number of sworn officers.....	8,038 ^d
Higher education (universities, colleges, and technical education centers):	
Number of campuses.....	58 ^e
Number of students.....	169,193 ^e
Recreation:	
Number of State parks and historical sites.....	56 ^f
Area of State parks.....	79,273 acres ^f
Area of forests.....	77,480 acres ^g
State employees--all funds (at June 30, 1993)	67,620 ^h

Sources:

- ^a 1992 Legislative Manual
- ^b Department of Highways and Public Transportation
- ^c State Data Center
- ^d State Law Enforcement Division
- ^e Commission on Higher Education
- ^f Department of Parks, Recreation, and Tourism
- ^g Forestry Commission
- ^h Budget and Control Board, Budget Division

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Not since George Washington visited the capital in its early years had a President come to Columbia until William Howard Taft arrived on November 6, 1909. The day included a luncheon at the State House, a meeting with school children and students at the University of South Carolina, and a speech he delivered after this arrival at the old Fairgrounds.

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